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# NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1993

**Bodie Island Lighthouse**

*Front Cover Photo:* The Bodie Island Lighthouse, located on North Carolina's Outer Banks near Oregon Inlet, first cast its powerful beam of light over the dark and treacherous Atlantic waters 121 years ago, on October 1, 1872. Magnified by a powerful First Order Fresnel Lens, the 156-foot lighthouse is one of three located within Cape Hatteras National Seashore. It still functions today as a U.S. Coast Guard navigational aid.

North Carolina has six lighthouses stationed along its coast. With a light nearly every forty miles, coastal travelers can usually spot the one ahead in the distance before the one astern disappears. These six towers serve as both a warning for ships and as historic markers for the people who live along our coast and Outer Banks.

*- Photograph courtesy of Charlie Jones*
*- N.C. Department of Transportation*

**North Carolina Information Highway**

*Back Cover:* The North Carolina Information Highway illustration was designed by Valerie L. Johnson, a member of the State Operations Division of Electronic Data Systems (EDS), based in Raleigh.

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

JAMES B. HUNT, JR.
GOVERNOR

EDWARD RENFROW
STATE CONTROLLER

Prepared by State Accounting System Division
Office of the State Controller

This report was prepared by the State Accounting System Division of the Office of the State Controller.

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Special appreciation is given to the chief fiscal officers and the dedicated accounting personnel throughout the state. Their efforts to contribute accurate and timely financial data for their agencies and institutions made this report possible.

## JAMES B. HUNT, JR.
Governor

*"North Carolina is rising to the challenge of investing in our children as a way to invest in our state. We are bringing together local leaders, ideas and resources to make sure every child in North Carolina has access to quality, affordable day care, health care and other critical services. Together, we can do more for our children than ever before -- because they deserve nothing less."*

JAMES B. HUNT, JR.
*Governor of North Carolina*

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# INTRODUCTORY SECTION

State of North Carolina

# Office of the State Controller

James B. Hunt Jr.
Governor

Edward Renfrow
State Controller

The Honorable James B. Hunt, Jr.
Governor of the State of North Carolina, and

Members of the North Carolina General Assembly

It is our pleasure to furnish you with the 1993 Comprehensive Annual Financial Report (CAFR) of the State of North Carolina in compliance with G.S. 143B-426.39. This report has been prepared by the Office of the State Controller. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State government and this office. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the State of North Carolina. We believe all disclosures necessary to enable you to gain an understanding of the State's financial activities have been included.

For the convenience of users we have divided this comprehensive annual financial report into three major sections, described as follows:

- The **introductory section** includes this transmittal letter and the State's organization chart, including a listing of principal State officials.
- The **financial section** includes the general purpose financial statements (combined statements and the notes) and the combining and individual fund and account group financial statements, schedules and required supplementary information.
- The **statistical section** includes selected financial, non-financial and demographic information, much of which is presented on a ten-year basis, as well as required supplementary information.

## State Reporting Entity and Its Services

The State of North Carolina entity as reported in the CAFR includes all fund types, account groups, departments and agencies of the State, as well as universities, boards, commissions and authorities over which the State's executive, legislative and judicial branches exercise oversight responsibility. This presentation is in conformity with accounting and reporting standards of the Governmental Accounting Standards Board (GASB) in its GASB Codification Section 2100. Oversight responsibility is defined to include selection of governing authority, designation of management, financial interdependency, ability to significantly influence operations and accountability for fiscal matters.

The State provides a broad range of services to its citizens, including those in education, including public universities; human resources; economic development; environment, health and natural resources; public safety and corrections; transportation; agriculture; and general administrative services. The costs of these services are reflected in detail and in summary in this report.

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## The State's Major Initiatives

### Smart Start

Governor Jim Hunt proposed dramatic changes in 1993 in North Carolina's service to children, starting with Smart Start, a comprehensive early childhood initiative designed to provide quality, affordable day care to every child who needs it in North Carolina. Smart Start also boosts other children's services, including basic health care, and provides family-based resources to help at-risk families break the cycle of poverty. At the urging of the Governor, the 1993 General Assembly enacted into law the following Smart Start initiatives:

- Establishing a public-private partnership to bring together parents, child care providers, educators, religious and community leaders and non-profit officials to develop a comprehensive blueprint for improving early childhood education, health care and other services.
- Encouraging local communities to form similar public-private partnerships to ensure that each child in that county has access to affordable, high quality day care. Smart Start provides almost $20 million in day care services as an incentive to participate. In twelve demonstration counties, local leaders will put together local plans to serve local children, with oversight from the State.
- Lowering the state's staff-child ratios in child care centers for infants and toddlers so that children get more hands-on care from providers. Smart Start dictates that every center have at least one staffer for every 5 infants, and sets ratios of 1:6 for one-year-olds and 1:10 for two-year-olds.
- Hiring additional monitors to make sure that child care facilities throughout the state meet state standards.
- Helping offset the cost of day care for working families by increasing the amount of child care tax credit that can be claimed by families earning less than $40,000. This will take effect in 1995.
- Immunizing all children under the age of six.

### Workforce Training

With strong support from the Governor, several initiatives were begun during the year in an effort to streamline and improve the State's fragmented workforce training efforts.

- The Governor's Commission on Workforce Preparedness will develop a comprehensive apprenticeship program and make the State's workforce training programs more effective.
- The General Assembly provided funds to expand the Tech Prep program this year, which links the last two years of high school with the first two years of community college. With a combination of state and federal funds, Tech Prep will be implemented in every school system next year.
- The General Assembly provided $57 million to boost workforce training programs at community colleges across the state.

### North Carolina Information Highway

Recognizing that North Carolina faces strong competition in the global community, Governor Jim Hunt is taking action to insure that the world's fastest wide-area, multi-media communications network will begin operating in North Carolina in 1994. Traveling at light speed over hair-thin optical fibers, the North Carolina Information Highway will be able to simultaneously transmit computer words and graphics, television-like video and voice communications. The key to the telecommunications network is the revolutionary switching technology known as Asynchronous Transfer Mode (ATM). The North Carolina network, based on the ATM technology, will be the result of a joint design-and-deployment effort undertaken by Southern Bell (a BellSouth company), GTE and Carolina Telephone.

BellSouth will deploy five of the ATM mega-switches in the state. GTE initially will be placing ATM switches in Research Triangle Park and Durham, with a third

switch planned for the western part of North Carolina soon thereafter. Carolina Telephone has dedicated a large part of its $130 million-per-year construction program to fiber development and digital technology throughout eastern North Carolina. and has nearly 2,000 route miles of fiber optics in service.

The potential uses of the Information Highway appear to be limitless, but the following uses have been seriously proposed for the near future:

- Creates opportunities for "electronic town meetings" between government leaders and constituents
- Makes video conferencing available for State employees, saving travel costs
- Gives citizens direct access to public records
- Allows students at rural schools to share resources of larger urban schools through two-way, interactive-video distance learning
- Gives students the opportunity to interact on video "field trips" with leading professors, scientists, government officials and business people
- Allows public schools instant access to libraries of major universities
- Gives law enforcement field officers immediate access to information in databases
- Allows physicians at major hospitals to examine and treat patients at remote locations through "telemedicine"
- Facilitates new medical treatments using high-speed computer imaging
- Makes sophisticated diagnostic equipment available to rural hospitals

## Statewide Performance Audit

The General Assembly and elected State leaders acknowledged in 1991 that the organization and management of State government must be on a sound fiscal basis and must recognize the economic and social changes facing the state and the country in the nineties. As a result, the Government Performance Audit Committee (GPAC) was created and given a mandate to examine the following areas of State government:

- Planning, budgeting and program evaluation policies and practices
- Personnel systems operations and management
- State purchasing operations and management
- Information processing and telecommunications systems policy, organization and management
- Organizational and staffing patterns

In February, 1993, the committee issued its report, recommending a comprehensive set of policy, programmatic and operational recommendations to restructure the management and operation of State government, while producing potential savings of approximately $300 million over a number of years. The recommendations include both short-term initiatives and long-term strategies for effectively managing State government into the year 2000 and beyond. The 1993 General Assembly enacted legislation to implement the following major GPAC recommendations:

- Creation of an Education Cabinet and other reforms in education
- Creation of an Economic Development Board that will function as the single point of focus for economic development initiatives throughout State government
- Development of a performance budgeting system
- Creation of the Information Resource Management Commission with clear policy oversight concerning the State's technology operations
- Personnel reform - a new classification system
- Single stream funding and single portal of entry for health services

- Consolidation and reorganization of operations and resources within the Department of Transportation and the Department of Correction

With those actions, the General Assembly endorsed the process of reform proposed by GPAC. Adoption of these recommendations are expected to generate approximately $30 million in savings and revenue increases in 1994; in 1995 these actions will result in approximately $42 million in savings and revenue increases. Future legislative sessions will consider additional actions relating to the GPAC recommendations in all areas of State government.

## Economic Condition and Outlook

### Recent Trends

Economic growth continued in North Carolina in 1993. It is estimated that the real (inflation-adjusted) value of goods and services produced in North Carolina increased by almost 4.5% in 1993. This is 50% better than the North Carolina growth rate in 1992. It is also considerably faster than the national growth rate of goods and services in 1993 of under 2%.

The relatively stronger performance of the North Carolina economy in 1993 was led by a surge in manufactured output. In real dollars, the value of durable manufactured products in North Carolina increased 10% in 1993, the largest increase of any economic sector. It is typical that manufacturing experiences a strong rebound after a recession as consumers who had delayed purchases decide to buy. Other economic sectors experiencing rapid increases in growth in 1993 included financial services (real output up 8%) and general services (real output up 6%).

The inflation rate remained moderate in 1993. For the year, the average increase in prices was approximately 3%. Moderate inflation combined with slow national growth allowed interest rates to fall in 1993. For example, the benchmark 30-year Treasury bond rate fell to under 6% in 1993, and 30-year fixed mortgage rates fell to under 7%. In many communities of North Carolina the favorable interest rate environment sparked booms in the housing and construction markets.

The economic growth in North Carolina in 1993 prompted an increase in employment. The state economy created a net gain of almost 100,000 jobs in 1993. The sectors with the biggest net job gains were services, wholesale and retail trade, government, and durable manufacturing. The improved labor market situation in North Carolina caused the state unemployment rate to drop from almost 6% in 1992 to 5.25% in 1993.

### Economic Outlook

The national economic outlook remains positive but cloudy for 1994. Real economic growth should pick up between 2.5% and 3%. This is moderate growth by historical standards, and is not strong enough to eliminate all uncertainty about the economy's future direction. Nevertheless, the economic growth will be strong enough to reduce the national unemployment rate from 6.7% at the end of 1993 to 6.25% at the end of 1994.

With moderate national economic growth, the inflation rate and interest rates should change little in 1994. At most, the inflation rate and interest rates would increase by 0.5 percentage points.

Several factors are placing drags on national economic growth. First, the nation is continuing to draw down its military establishment. This is ending jobs in defense

plants and putting many highly skilled workers out of work. Fortunately, North Carolina is largely escaping this disruption. Second, with the job market not robust, consumers have been unwilling to take on new debt and purchase "big ticket" items at rates typically associated with an economic recovery. Third, new household formation remains slow, caused primarily by the "baby bust" of the 1960s and 1970s. Fourth, new taxes imposed by the 1993 national budget agreement, particularly the higher federal income tax rates imposed on the richest taxpayers, will, in the eyes of many economists, retard economic growth due to the resulting reduction in after-tax investment returns and rewards. Fifth, the continuing debate over the President's national health care plan, which would increase labor costs for many businesses and institute massive changes in the health care sector, is motivating many firms to delay hiring and investment decisions.

For North Carolina, the economic outlook is rosier. The real value of goods and services produced in North Carolina should increase 4.0% to 4.5%, and about 100,000 net jobs will be added. All major economic sectors in the state should experience real growth, with services and durable manufacturing leading the way. Similarly, employment should increase in all major economic sectors with the possible exception of nondurable manufacturing. As the economies of Europe (especially Germany) and Japan rebound from their recent recessions, export growth will improve from its already substantial levels. International trade will become increasingly important to the North Carolina economy.

*— Economic analysis prepared by Dr. Michael L. Walden, Professor*
*North Carolina State University*
*October 27, 1993*

## Financial Information

### Internal Control

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the State are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal financial assistance, the State also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government.

### Single Audit

As a part of the State's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the State has complied with applicable laws and regulations. The results of the State's single audit for the fiscal year ended June 30, 1992, disclosed three material weaknesses in the internal control structure and one material instance of noncompliance with laws and regulations. The State's single audit for the fiscal year ended June 30, 1993, has not been completed.

## Budgetary Control

In addition, the State maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the General Assembly. Activities of the General Fund and departmental special revenue funds are included in the annual appropriated budget. The State Highway Fund and the Highway Trust Fund are primarily budgeted on a multi-year basis. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is exercised at both the departmental and university level by way of quarterly allotments, and on the program line-item levels requiring certain approvals by the Director of the Budget. Legislative authorization of departmental expenditures appears in the State Appropriation Bill. This "Certified Budget" is the legal expenditure authority; however, executive changes to the legal budget may be approved by the Office of State Budget and Management (OSBM). This results in the "Final Budget" presented in the financial statements. Most State departments maintain an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are included as part of the department's budget in the following year. In certain instances OSBM will authorize a department to write a check for an encumbrance which creates a "budgetary expenditure." These budgetary expenditures are referred to as "cash carryforward of appropriations."

## GAAP Accounting

Although the State budgets and manages its financial affairs on the cash basis of accounting, G.S. 143-20.1 requires the Office of the State Controller to prepare a comprehensive annual financial report (CAFR) in accordance with generally accepted accounting principles (GAAP). Furthermore, the Governmental Accounting Standards Board and the nation's financial community have encouraged states to present, in their annual reports, financial statements of the governmental funds that are prepared on the modified accrual basis of accounting, following generally accepted accounting principles. Under this basis, which more adequately serves the financial community's analytical and other needs, revenues are recognized when they become both measurable and available to finance operations of the fiscal year, or to liquidate liabilities existing at fiscal year-end. Expenditures are recognized when a liability is incurred. Except for exhibits and notes clearly labeled otherwise, this CAFR has been prepared in accordance with GAAP.

# *Results of Operations*

## General Governmental Funds

### Revenues

Revenues and other financing sources for general governmental functions (General Fund, special revenue funds, debt service funds and capital projects funds) amounted to $15.494 billion for the fiscal year ended June 30, 1993, using the modified accrual basis of accounting. The major categories of revenues and other financing sources and their change from last year are shown in the following table. Amounts are expressed in millions.

| | 1993 | 1992 | Increase (decrease) over prior year Amount | Percent |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ 9,348 | $ 8,703 | $ 645 | 7.4% |
| Federal funds | 3,758 | 3,383 | 375 | 11.1% |
| Local funds | 270 | 234 | 36 | 15.4% |
| Investment earnings | 146 | 121 | 25 | 20.7% |
| Fees, licenses and fines | 662 | 621 | 41 | 6.6% |
| Other | 313 | 377 | (64) | (17.0)% |
| Total Revenues | 14,497 | 13,439 | 1,058 | 7.9% |
| **Other Financing Sources:** | | | | |
| Operating transfers in | 997 | 848 | 149 | 17.6% |
| Proceeds from bond sale | - | 158 | (158) | (100.0%) |
| Total Other Financing Sources | 997 | 1,006 | (9) | (0.9%) |
| **Total Revenues and Other Financing Sources** | $15,494 | $14,445 | $1,049 | 7.3% |

### Analysis of Revenue Changes

**Tax Revenues.** Tax revenues increased by $645 million in 1993, reflecting the continuing favorable economic climate described earlier in this letter. Income tax collections increased by $409 million in 1993 to $4.703 billion, a 9.5% increase over 1992. Sales tax collections grew by $148 million in 1993, a 6.7% increase over 1992. Highway taxes were $1.139 billion in 1993, $30 million more than in 1992.

**Federal Funds.** Federal funds revenues grew by $375 million in 1993, up by 11.1% over 1992. This increase in Federal funding is due in large part to the increased expenditures for Medicaid, Food Stamps, Highway Planning and Construction, Family Support Payments, Chapter 1 Programs, and the National School Lunch Program.

**Investment Earnings.** Revenues from investment earnings increased by $25 million in 1993, reversing a three-year trend of decreasing investment earnings from 1990 to 1992. The growth in 1993 can be directly attributed to a growing fund balance available for investment.

## Expenditures

Expenditures and other uses for general governmental purposes totaled $14.979 billion in 1993, using the modified accrual basis of accounting, an increase of 6.8% over the preceding year. The major categories of expenditures and other uses, by function, and their change from last year are shown in the following table. Amounts are expressed in millions.

| | 1993 | 1992 | Increase (decrease) over prior year Amount | Percent |
|---|---|---|---|---|
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | $ 356 | $ 319 | $ 37 | 11.6% |
| Education | 4,429 | 4,189 | 240 | 5.7% |
| Human resources | 4,091 | 3,849 | 242 | 6.3% |
| Economic development | 261 | 243 | 18 | 7.4% |
| Environment, health and natural resources | 458 | 391 | 67 | 17.1% |
| Public safety and corrections | 974 | 904 | 70 | 7.7% |
| Transportation | 1,570 | 1,449 | 121 | 8.4% |
| Agriculture | 60 | 57 | 3 | 5.3% |
| Capital outlay | 78 | 119 | (41) | (34.5%) |
| Intergovernmental | 470 | 468 | 2 | .4% |
| Debt service | 124 | 115 | 9 | 7.8% |
| Total Expenditures | 12,871 | 12,103 | 768 | 6.4% |
| **Other Uses:** | | | | |
| Operating transfers out to universities and other funds | 2,108 | 1,919 | 189 | 9.9% |
| **Total Expenditures and Other Uses** | $14,979 | $14,022 | $957 | 6.8% |

## Analysis of Expenditures Changes

Significant changes in expenditures primarily occurred in the **Human Resources** and **Education** functional areas. Increases in Human Resources were directly related to the continued growth of Medicaid assistance payments and food stamp coupon distributions. Educational expenditures increased primarily because of the growth in dollars spent on State administered Federal programs; *i.e.*, Chapter 1 Programs and the National School Lunch Program, and the increase in costs associated with providing a public education in North Carolina where the number of school age children continued to grow. Teacher and administrative salaries were augmented, and additional personnel were hired, as new school facilities became necessary to meet the needs of the growing population.

The increase in debt service payments for fiscal year 1993 was the result of the issuance of $157.5 million of bonds in fiscal year 1992 (Capital Improvement, Series 1991, issued October 1, 1991 for $45 million, and Prison and Youth Services Facilities, Series A, issued March 1, 1992 for $112.5 million).

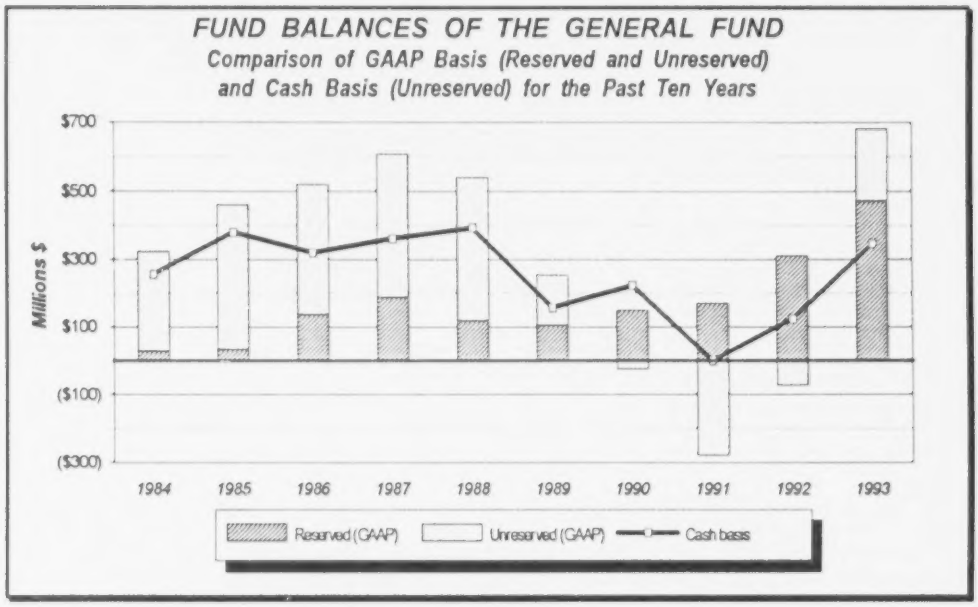
Additional information, in greater detail and for the past ten years, may be examined in the statistical section.

## General Fund

### GAAP Fund Balance

The fund balance of the General Fund grew by $446.5 million in 1993, compared with a $346.2 million increase in 1992. The growth in tax and other revenues met expectations this year, which significantly contributed to the General Fund's healthy condition at year end. At June 30, 1993 the fund balance of the General Fund on the modified accrual basis was $681.0 million, in comparison to a $234.5 million balance at the end of 1992.

The following chart illustrates the undesignated fund balances (or surplus) on the cash basis and the reserved and unreserved fund balances on the modified accrual (GAAP) basis of the General Fund at the end of each fiscal year since June 30, 1984.




### Savings Reserve

The North Carolina General Assembly established a Savings Reserve account as a reserved fund balance in the General Fund, which became effective for the year ended June 30, 1992. Under this legislation, one-fourth of any unreserved credit balance (budgetary basis) remaining in the General Fund at the end of each fiscal year will be transferred to the Savings Reserve until the account contains funds equal to 5% of the amount appropriated the preceding year for the General Fund operating budget. It is the General Assembly's intention that first use of the Savings Reserve funds will be to reduce and eliminate the General Fund's liability for payroll deferrals for State and community college employees and the twelfth month of teacher payroll.

At June 30, 1993, $134.3 million was transferred into the Savings Reserve account, bringing the balance to $175.9 million.

### Repairs and Renovations Reserve

The General Assembly established the Repairs and Renovations Reserve account, effective for the year ended June 30, 1993, to provide for the State's continuing capital needs. The reserve balance is defined as the lessor of one-fourth of any unreserved credit balance in the General Fund at the end of each fiscal year, or 1.5% of the replacement value of all State buildings supported from the General Fund.

The funds in this account may be used only for the repair and renovation of State buildings and related infrastructure that are supported from the General Fund. The June 30, 1993 balance in the Repairs and Renovations Reserve account was $57 million.

The remaining credit balance after the reserves for savings and for repairs and renovations, described above, may be appropriated only for capital improvements and other one-time expenditures.

## Other Funds

### Proprietary Funds

Combined operating results for the State's enterprise funds continued to be strong in 1993. Operating revenues were $1.083 billion, an increase of $51.5 million over 1992. Operating expenses were $1.004 billion, up by $54.9 million from 1992. Operating income was $78.7 million, compared to $82.1 million in the previous year. The State's significant enterprise funds include UNC Hospitals, the N.C. Housing Finance Agency, the State Ports Authority, the State Health Plan, the N.C. Teachers' and State Employees' Benefit Trust, and the Disability Income Plan of N.C.

Combined operating results for the State's internal service funds were also strong in 1993. Operating revenues and expenses for these cost-reimbursement funds totaled $149.1 million and $129.8 million, respectively, in 1993, compared to $147.5 million and $121.1 million in 1992. Principal internal service fund operations include Prison Enterprises, the State Property Fire Insurance fund, Motor Fleet Management, the State Computer Center, and State Telecommunications.

### Pension Trust Funds

The operations of the Teachers' and State Employees' Retirement System continued its steady growth in 1993. The system's revenues increased by 13.3%, caused primarily by a 12.0% increase in investment earnings over the previous year, but also affected by a 15.5% increase in contributions. The 12.3% increase in expenditures was the result of higher benefit payments to participants. The most recent actuarial valuation reveals that the system currently is fully funded in that net assets available for benefits exceed the estimated pension benefit obligations. The State also participates in the Consolidated Judicial Retirement System, the Legislative Retirement System, the Firemen's and Rescue Squad Workers' Pension Fund and the North Carolina National Guard Pension Fund. The Local Governmental Employees' Retirement System is administered by the State but the State is not a participant. Each of these systems continued to show a positive trend in funding.

### Debt Administration

At June 30, 1993, the State had a number of debt issues outstanding. These issues included $584.905 million in general obligation bonds, $900.889 million in revenue bonds in the enterprise funds and $443.866 million in revenue bonds in the university funds. North Carolina continues to have "Triple-A" bond ratings issued by Standard and Poor's Corporation and Moody's Investors Service, the highest ratings attainable. These favorable ratings have enabled the State to sell its bonds at interest rates considerably below the Bond Buyer's Index, thereby providing substantial savings to North Carolina taxpayers. North Carolina is one of only a very small number of states currently having the Triple-A ratings. In addition, approximately 25 percent of all Triple-A ratings nationwide are located in North Carolina.

### Cash Management

The North Carolina General Assembly recognizes the importance of good cash management practices and has enacted legislation which promotes a "Statewide Cash Management Policy" to minimize idle and non-productive cash balances. All cash deposited with the State Treasurer by State entities is managed in pooled investment accounts to maximize interest earnings. During fiscal year 1993, uncommitted State funds were invested in short-term and medium-term U.S. Government notes and bonds as well as other deposits, which had a composite average yield of 6.57%.

### Risk Management

The State has established a limited risk management program for fire and other property losses. As part of this comprehensive plan, resources are being accumulated in an internal service fund to meet potential losses. See note 16 of the Notes to the Financial Statements for a full description of the State's risk management program.

## Other Information

### Independent Audit

In compliance with State statute, an annual financial audit of the State entity is completed each year by the North Carolina Office of the State Auditor. The Auditor's examination was conducted in accordance with generally accepted auditing standards and his opinion has been included in this report. In addition, the State coordinates the "Single Audit" effort of all federal funds through the State Auditor.

### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awards certificates of achievement to governmental units that publish readable and efficiently organized CAFRs which conform to the Association's program standards and satisfy both generally accepted accounting principles and applicable legal requirements.

The State of North Carolina is participating in the GFOA program by submitting this and future reports for review and comment by GFOA. Through the continued development of the Office of the State Controller, we will strive to meet all GFOA requirements and to receive the certificate of achievement.

### Acknowledgments

In conclusion, we hope this report provides useful data to all parties using it in evaluating the financial activity of the State of North Carolina. We in the Office of the State Controller express our appreciation to the financial officers throughout State government and to the Office of the State Auditor for their dedicated efforts in assisting us in the preparation of this report.

Respectfully submitted,

Edward Renfrow
State Controller

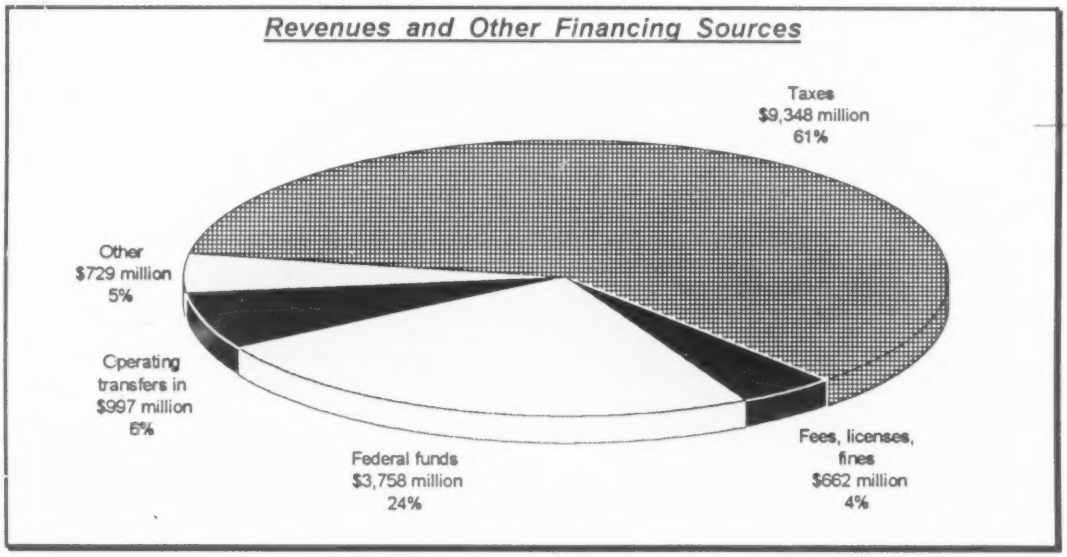
November 30, 1993

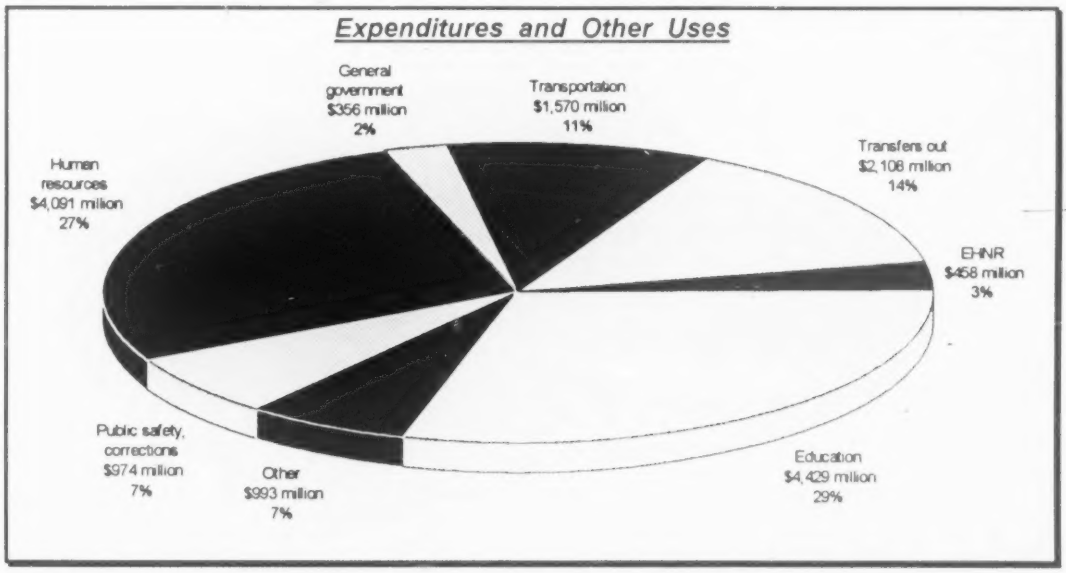
# General Governmental Functions

## General, Special Revenue, Debt Service and Capital Projects Funds

### For the Year Ended June 30, 1993

*(Data from pages 14 and 15)*




Please refer to the combining financial statements for each of the governmental funds to view individual graphs and other financial data.

# ORGANIZATION OF NORTH CAROLINA STATE GOVERNMENT INCLUDING PRINCIPAL STATE OFFICIALS

December 31, 1993

## EXECUTIVE BRANCH

### Council of State

Governor
**James B. Hunt, Jr.**

Lieutenant Governor
**Dennis A. Wicker**

Secretary of State
**Rufus L. Edmisten**

State Auditor
**Ralph Campbell, Jr.**

State Treasurer
**Harlan E. Boyles**

Superintendent of Public Instruction
**Bob R. Etheridge**

Attorney General
**Michael F. Easley**

Commissioner of Agriculture
**James A. Graham**

Commissioner of Labor
**Harry E. Payne, Jr.**

Commissioner of Insurance
**James E. Long**

### Cabinet Secretaries—Appointed by the Governor

Administration
**Katie G. Dorsett**

Correction
**Franklin F. Freeman, Jr.**

Crime Control and Public Safety
**Thurman Hampton**

Cultural Resources
**Betty Ray McCain**

Commerce
**S. Davis Phillips**

Environment, Health & Natural Resources
**Jonathan B. Howes**

Human Resources
**C. Robin Britt**

Revenue
**Janice H. Faulkner**

Transportation
**R. Samuel Hunt III**

### Appointed by Governor and Legislative Leadership

Office of the State Controller
**Edward Renfrow**
*State Controller*

State Board of Education
**Kenneth R. Harris**
*Chairman*

State Board of Community Colleges
**Robert W. Scott**
*President*

University Board of Governors
**C. D. Spangler, Jr.**
*President*

## LEGISLATIVE BRANCH

### General Assembly

#### Senate

President
**Lieutenant Governor**

President Pro Tempore
**Marc Basnight**

Deputy Pres. Pro Tempore
**R. C. Soles, Jr.**

Majority Leader
**J. Richard Conder**

Minority Leader
**Robert G. Shaw**

#### House of Representatives

Speaker
**Daniel T. Blue, Jr.**

Speaker Pro Tempore
**Marie W. Colton**

Majority Leader
**Milton F. Fitch**

Minority Leader
**David G. Balmer**

## JUDICIAL BRANCH

### North Carolina Supreme Court

Chief Justice
**James G. Exum, Jr.**

Associate Justices
**Louis B. Meyer**
**John Webb**
**Burley B. Mitchell, Jr.**
**Henry E. Frye**
**Willis P. Whichard**
**Sarah Parker**

Administrative
Office of the Courts
**James Drennan**

# FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITOR

STATE OF NORTH CAROLINA
Office of the State Auditor

RALPH CAMPBELL, JR.
STATE AUDITOR

300 N. SALISBURY STREET
RALEIGH, N.C. 27603-5903
TELEPHONE: (919) 733-3217
FAX: (919) 733-8443

## Independent Auditor's Report

Governor James B. Hunt, Jr.
The General Assembly of North Carolina

We have audited the accompanying general purpose financial statements of the State of North Carolina as of and for the year ended June 30, 1993, as listed in the table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the North Carolina Deferred Compensation Plan, which represent 20 percent of the assets of the agency funds; the financial statements of the North Carolina Housing Finance Agency, which represent 51 percent and 10 percent, respectively, of the assets and revenues of the enterprise funds; the financial statements of the 401-K Supplemental Retirement Income Plan, which represent 21 percent and 15 percent, respectively, of the assets and revenues of the expendable trust funds; nor the financial statements of the North Carolina Student Loan Fund of the State Educational Assistance Authority, which represent 23 percent and 23 percent, respectively, of the assets and revenues of the university fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

As discussed in Note 1R to the general purpose financial statements, not all intrafund and interfund transactions have been recorded and reported in accordance with generally accepted accounting principles because the individual fund entities that exist within the State's reporting entity have not been properly identified and recognized within the accounting system, and the accounting policies and procedures are inadequate to properly describe how intrafund and interfund transactions should be recorded. Therefore, the general purpose financial statements are misstated by an amount not readily determinable and detailed note disclosure of interfund receivables/payables balances is not reported.

In our opinion, based upon our audit and the reports of other auditors, except for the effects of the matter discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of North Carolina as of June 30, 1993, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based upon our audit and the reports of other auditors, except as noted in the third paragraph above, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory and statistical sections, identified in the table of contents, were not audited by us and accordingly, we do not express an opinion thereon.

Ralph Campbell, Jr.
State Auditor

November 22, 1993

# General Purpose Financial Statements

# COMBINED BALANCE SHEET
# ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1993 (With Comparative Totals for 1992)
*(Expressed in Thousands)*

| | *Governmental Fund Types* | | | | *Proprietary Fund Types* | |
|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service |
| **ASSETS AND OTHER DEBITS** | | | | | | |
| Cash and cash equivalents (Note 4) | $ 874,713 | $ 959,342 | $ 1,845 | $ 168,134 | $ 370,968 | $ 53,757 |
| Investments (Note 4) | 40,957 | - | - | - | 466,305 | 12,982 |
| Deposit with Federal government (Note 4) | - | - | - | - | - | - |
| Receivables (Note 5) | 774,690 | 167,945 | - | 170 | 82,350 | 16,681 |
| Interfund receivables | 23,234 | 38,096 | - | 138 | 109 | 502 |
| Advances to other funds | 22,131 | - | - | - | - | 100 |
| Notes receivable | - | 6,931 | - | - | 723,231 | - |
| Inventories | 38,775 | 62,393 | - | - | 8,351 | 10,490 |
| Prepaid items | - | 70 | - | - | 18,356 | 608 |
| Fixed assets (Notes 6 and 7) | - | - | - | - | 232,116 | 115,443 |
| Goodwill | - | - | - | - | 132 | - |
| Sureties | - | 12,401 | - | - | - | - |
| Amount available in other funds | - | - | - | - | - | - |
| Amount to be provided for retirement of general long-term obligations | - | - | - | - | - | - |
| Total Assets and Other Debits | $ 1,774,500 | $ 1,247,178 | $ 1,845 | $ 168,442 | $ 1,901,918 | $ 210,563 |
| **LIABILITIES, FUND EQUITY AND OTHER CREDITS** | | | | | | |
| **Liabilities:** | | | | | | |
| Accounts payable and accrued liabilities | $ 542,881 | $ 214,431 | $ - | $ 8,814 | $ 24,838 | $ 6,060 |
| Interfund payables | 79,954 | 18,318 | - | 43 | 5,058 | 526 |
| Advance from other funds | - | - | - | - | 22,131 | 100 |
| Obligations under reverse repurchase agreements | - | - | - | - | - | - |
| Notes payable (Note 11) | - | - | - | - | 944 | - |
| Claims and benefits payable | 333,706 | 34 | - | - | 112,832 | 2,057 |
| Capital leases payable (Note 10) | - | - | - | - | - | - |
| Bonds payable (Note 11) | - | - | 1,547 | - | 900,889 | - |
| Interest payable | - | - | 298 | - | 49,946 | - |
| Deposits payable | 29 | 41,951 | - | 4,616 | 5,289 | 44 |
| Accrued vacation leave (Note 8) | - | - | - | - | 9,119 | 1,743 |
| Deferred revenue | 136,902 | 5,271 | - | - | 6,819 | 2,209 |
| Total Liabilities | 1,093,472 | 280,005 | 1,845 | 13,473 | 1,137,865 | 12,739 |
| **Fund Equity and Other Credits:** | | | | | | |
| Contributed capital | - | - | - | - | 130,713 | 54,583 |
| Retained earnings: | | | | | | |
| Reserved | - | - | - | - | 205,493 | - |
| Unreserved | - | - | - | - | 427,847 | 143,241 |
| Investment in fixed assets | - | - | - | - | - | - |
| Fund balances: | | | | | | |
| Reserved/restricted (Note 18) | 471,962 | 113,320 | - | 86,293 | - | - |
| Unreserved/unrestricted: | | | | | | |
| Quasi-endowment | - | - | - | - | - | - |
| Undesignated | 209,066 | 853,853 | - | 68,676 | - | - |
| Total Fund Equity and Other Credits | 681,028 | 967,173 | - | 154,969 | 764,053 | 197,824 |
| Total Liabilities, Fund Equity and Other Credits | $ 1,774,500 | $ 1,247,178 | $ 1,845 | $ 168,442 | $ 1,901,918 | $ 210,563 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

*Exhibit A-1*

| *Fiduciary Fund Types* | *Account Groups* | | | *Totals (Memorandum Only)* | |
|---|---|---|---|---|---|
| Trust and Agency | General Fixed Assets | General Long-Term Obligations | University | June 30, 1993 | June 30, 1992 |
| $ 985,436 | $ - | $ - | $ 875,022 | $ 4,289,217 | $ 3,415,944 |
| 23,086,031 | - | - | 569,071 | 24,175,348 | 22,106,490 |
| 1,449,731 | - | - | - | 1,449,731 | 1,337,184 |
| 130,444 | - | - | 136,915 | 1,309,195 | 1,110,033 |
| 4,619 | - | - | 118,025 | 184,723 | 170,883 |
| - | - | - | - | 22,231 | 19,916 |
| 135,015 | - | - | 141,098 | 1,008,275 | 1,018,668 |
| 891 | - | - | 27,860 | 148,760 | 149,069 |
| - | - | - | 3,030 | 22,064 | 27,421 |
| - | 2,155,298 | - | 3,328,918 | 5,831,776 | 5,500,167 |
| - | - | - | - | 132 | 112 |
| 399,300 | - | - | - | 411,701 | 375,174 |
| - | - | 156 | - | 156 | 9,363 |
| - | - | 787,844 | - | 787,844 | 809,724 |
| $ 26,191,467 | $ 2,155,298 | $ 788,000 | $ 5,199,939 | $ 39,639,150 | $ 36,050,148 |
| $ 750,347 | $ - | $ 71,643 | $ 176,972 | $ 1,795,966 | $ 1,625,816 |
| 22,315 | - | - | 29,918 | 156,132 | 140,233 |
| - | - | - | - | 22,231 | 19,916 |
| - | - | - | 102,476 | 102,476 | 114,062 |
| - | - | - | 20,737 | 21,681 | 45,811 |
| 11,803 | - | - | 8,416 | 469,845 | 432,593 |
| - | - | 1,466 | 853 | 2,319 | 3,924 |
| - | - | 584,905 | 443,866 | 1,931,207 | 2,075,453 |
| - | - | - | 7,615 | 57,859 | 63,033 |
| 570,202 | - | - | 105,403 | 727,534 | 649,808 |
| - | - | 129,986 | 66,098 | 206,945 | 196,501 |
| 6,040 | - | - | 40,309 | 197,550 | 161,844 |
| 1,360,707 | - | 788,000 | 1,002,663 | 5,690,789 | 5,528,994 |
| - | - | - | - | 186,299 | 173,704 |
| - | - | - | - | 205,493 | 186,200 |
| - | - | - | - | 571,089 | 452,644 |
| - | 2,155,298 | - | 2,954,342 | 5,109,640 | 4,847,067 |
| 23,162,953 | - | - | 834,367 | 24,888,882 | 22,138,608 |
| - | - | - | 43,230 | 43,230 | 38,700 |
| 1,667,807 | - | - | 365,337 | 3,184,739 | 2,684,231 |
| 24,830,760 | 2,155,298 | - | 4,197,276 | 33,948,361 | 30,521,154 |
| $ 26,191,467 | $ 2,155,298 | $ 788,000 | $ 5,199,939 | $ 39,639,150 | $ 36,050,148 |

# COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
# ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | *Governmental Fund Types* | | | | *Fiduciary Fund Type* |
|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust |
| **Revenues:** | | | | | |
| Taxes | $ 8,207,209 | $ 1,140,366 | $ - | $ - | $ 296,959 |
| Federal funds | 3,206,169 | 546,082 | - | 5,710 | 214,363 |
| Local funds | 237,329 | 31,969 | - | 247 | 114 |
| Investment earnings | 89,148 | 52,585 | - | 4,000 | 156,173 |
| Interest earnings on loans | - | 38 | - | - | 2,290 |
| Sales and services | 2,276 | 29,657 | - | 262 | 16,320 |
| Sale, rental and lease of property | 6,861 | 598 | - | 8 | 308 |
| Fees, licenses and fines | 232,082 | 429,908 | - | 17 | 10,148 |
| Contributions, gifts and grants | 129,430 | 24,762 | - | 1,296 | 83,404 |
| Miscellaneous | 93,118 | 25,136 | - | 501 | 1,438 |
| Total Revenues | 12,203,622 | 2,281,101 | - | 12,041 | 781,517 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | 811,199 | 14,308 | - | - | 3,476 |
| Education | 4,304,654 | 124,727 | - | - | 844 |
| Human resources | 4,054,079 | 36,696 | - | - | 1,098 |
| Economic development | 105,203 | 155,939 | - | - | - |
| Environment, health and natural resources | 406,509 | 51,532 | - | - | 37 |
| Public safety and corrections | 871,216 | 102,492 | - | - | 18,727 |
| Transportation | - | 1,569,932 | - | - | - |
| Agriculture | 59,997 | - | - | - | 687 |
| Claims and benefits | - | - | - | - | 515,028 |
| Capital outlay | - | - | - | 77,528 | - |
| Debt Service: | | | | | |
| Bond principal retirement | - | - | 87,390 | - | - |
| Bond interest | - | - | 36,924 | - | - |
| Total Expenditures | 10,612,857 | 2,055,626 | 124,314 | 77,528 | 539,897 |
| Excess revenues over (under) expenditures | 1,590,765 | 225,475 | (124,314) | (65,487) | 241,620 |
| **Other Financing Sources (Uses):** | | | | | |
| Operating transfers in | 384,042 | 428,232 | 123,863 | 61,272 | 4,662 |
| Operating transfers out | (1,531,636) | (549,989) | - | (26,313) | (26,958) |
| Transfer to private sector | - | - | - | - | (25,889) |
| Funds escheated | - | - | - | - | 17,511 |
| Refund of funds escheated | - | - | - | - | (2,663) |
| Proceeds from bond sale | - | - | - | - | - |
| Total Other Financing Sources (Uses) | (1,147,594) | (121,757) | 123,863 | 34,959 | (33,367) |
| Excess revenues and other sources over (under) expenditures and other uses | 443,171 | 103,718 | (451) | (30,528) | 208,253 |
| Fund balances—July 1 | 234,549 | 861,262 | 451 | 187,599 | 2,093,915 |
| Restatements (Note 19) | 15 | 341 | - | (248) | 170 |
| Residual equity transfers in (Note 21) | 4,458 | 184 | - | - | - |
| Residual equity transfers out (Note 21) | (299) | (22) | - | (1,854) | - |
| Increase (decrease) in reserve for related assets | (866) | 1,690 | - | - | 166 |
| Fund balances—June 30 | $ 681,028 | $ 967,173 | $ - | $ 154,969 | $ 2,302,504 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

*Exhibit A-2*

| Totals (Memorandum Only) | |
|---|---|
| June 30, 1993 | June 30, 1992 |
| $ 9,644,534 | $ 8,976,460 |
| 3,972,324 | 3,496,146 |
| 269,659 | 234,545 |
| 301,906 | 312,065 |
| 2,328 | 2,028 |
| 48,515 | 48,172 |
| 7,775 | 7,267 |
| 672,155 | 628,316 |
| 238,892 | 339,283 |
| 120,193 | 69,859 |
| 15,278,281 | 14,114,141 |
| | |
| 828,983 | 791,140 |
| 4,430,225 | 4,189,467 |
| 4,091,873 | 3,825,640 |
| 261,142 | 242,870 |
| 458,078 | 391,439 |
| 992,435 | 920,530 |
| 1,569,932 | 1,449,123 |
| 60,684 | 58,008 |
| 515,028 | 561,117 |
| 77,528 | 119,343 |
| | |
| 87,390 | 80,890 |
| 36,924 | 34,038 |
| 13,410,222 | 12,663,605 |
| 1,868,059 | 1,450,536 |
| | |
| 1,002,071 | 852,898 |
| (2,134,926) | (1,916,802) |
| (25,889) | (3,659) |
| 17,511 | 15,322 |
| (2,663) | (2,145) |
| - | 157,500 |
| (1,143,896) | (896,886) |
| | |
| 724,163 | 553,650 |
| 3,377,776 | 2,854,593 |
| 278 | (35,105) |
| 4,642 | 6,284 |
| (2,175) | (171) |
| 990 | (1,475) |
| $ 4,105,674 | $ 3,377,776 |

# COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL (BUDGETARY BASIS) GENERAL FUND AND SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1993

*(Expressed in Thousands)*

| | General Fund | | | | |
|---|---|---|---|---|---|
| | Budget | | | | Variance-Favorable (Unfavorable) |
| | Certified Budget | Budgetary Adjustments | Final Budget | Actual | |
| **Revenues:** | | | | | |
| Taxes: | | | | | |
| Individual income | $ 3,796,800 | $ - | $ 3,796,800 | $ 3,992,016 | $ 195,216 |
| Corporate income | 443,000 | - | 443,000 | 429,849 | (13,151) |
| Sales and use | 2,326,000 | - | 2,326,000 | 2,344,073 | 18,073 |
| Other | 1,126,700 | - | 1,126,700 | 1,117,078 | (9,622) |
| Non-Tax: | | | | | |
| Fees, licenses and fines | 80,550 | - | 80,550 | 77,443 | (3,107) |
| Investment income | 59,150 | - | 59,150 | 75,732 | 16,582 |
| Other | 78,000 | - | 78,000 | 77,205 | (795) |
| Transfers in | 179,400 | - | 179,400 | 179,400 | - |
| Departmental: | | | | | |
| Federal funds | 3,537,565 | 13,071 | 3,550,636 | 3,233,760 | (316,876) |
| Local funds | 477,017 | 443 | 477,460 | 458,353 | (19,107) |
| Inter-agency grants and allocations | 197,687 | 62,341 | 260,028 | 249,270 | (10,758) |
| Intra-agency transfers | 351,072 | 102,436 | 453,508 | 547,234 | 93,726 |
| Sales and services | 519,510 | 13,938 | 533,448 | 531,094 | (2,354) |
| Rental and lease income | 5,971 | 753 | 6,724 | 6,729 | 5 |
| Fees, licenses and fines | 103,638 | 5,417 | 109,055 | 102,524 | (6,531) |
| Contributions, gifts and grants | 34,862 | 461 | 35,323 | 33,822 | (1,501) |
| Universities | 324,796 | 15,554 | 340,350 | 336,674 | (3,676) |
| Miscellaneous | 35,860 | 3,671 | 39,531 | 53,658 | 14,127 |
| Total Revenues | 13,677,578 | 218,085 | 13,895,663 | 13,845,914 | (49,749) |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | 248,362 | 8,866 | 257,228 | 251,790 | 5,438 |
| Education | 4,499,694 | 120,141 | 4,619,835 | 4,489,419 | 130,416 |
| Universities | 1,488,358 | 15,555 | 1,503,913 | 1,469,803 | 34,110 |
| Human resources | 5,481,937 | 45,743 | 5,527,680 | 5,260,847 | 266,833 |
| Environment, health, and natural resources | 482,396 | 13,699 | 496,095 | 437,477 | 58,618 |
| Economic development | 130,364 | 2,524 | 132,888 | 110,245 | 22,643 |
| Public safety and corrections | 939,603 | 9,571 | 949,174 | 892,279 | 56,895 |
| Transportation | 10,883 | - | 10,883 | 10,879 | 4 |
| Agriculture | 65,274 | 1,986 | 67,260 | 63,697 | 3,563 |
| Claims and benefits | - | - | - | - | - |
| Capital outlay | 95,206 | - | 95,206 | 95,206 | - |
| Debt service | 89,020 | - | 89,020 | 85,474 | 3,546 |
| Local government tax reimbursement | 266,419 | - | 266,419 | 265,047 | 1,372 |
| Total Expenditures | 13,797,516 | 218,085 | 14,015,601 | 13,432,163 | 583,438 |
| Excess revenues over (under) expenditures | (119,938) | - | (119,938) | 413,751 | 533,689 |
| (Increase) in reserves (Note 2 D) | - | - | - | (191,333) | (191,333) |
| Unreserved fund balances (budgetary basis) at July 1, 1992 | 123,580 | - | 123,580 | 123,580 | - |
| Restatements (Note 2 B) | - | - | - | - | - |
| Unreserved fund balances (budgetary basis) at June 30, 1993 | $ 3,642 | $ - | $ 3,642 | $ 345,998 | $ 342,356 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

Exhibit A-3

*Special Revenue Funds*

| Budget | | | | Variance- |
|---|---|---|---|---|
| *Certified Budget* | *Budgetary Adjustments* | *Final Budget* | Actual | Favorable (Unfavorable) |
| $ - | $ - | $ - | $ - | $ - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 226,661 | 6,293 | 232,954 | 166,742 | (66,212) |
| 331 | 161 | 492 | 10,656 | 10,164 |
| 107,958 | 64,397 | 172,355 | 165,693 | (6,662) |
| 62,824 | 9,038 | 71,862 | 109,048 | 37,186 |
| 5,175 | 1,851 | 7,026 | 8,751 | 1,725 |
| 254 | 215 | 469 | 588 | 119 |
| 50,088 | 3,567 | 53,655 | 31,280 | (22,375) |
| 1,450 | 605 | 2,055 | 1,800 | (255) |
| 54,427 | 9,143 | 63,570 | 62,932 | (638) |
| 10,845 | 8,402 | 19,247 | 21,305 | 2,058 |
| 520,013 | 103,672 | 623,685 | 578,795 | (44,890) |
| 36,497 | 14,692 | 51,189 | 45,614 | 5,575 |
| 391 | 116,472 | 116,863 | 65,042 | 51,821 |
| 44,986 | 17,523 | 62,509 | 52,442 | 10,067 |
| 41,203 | 1,553 | 42,756 | 35,026 | 7,730 |
| 46,825 | 6,429 | 53,254 | 43,657 | 9,597 |
| 115,898 | 8,184 | 124,082 | 76,481 | 47,601 |
| 141,409 | 4,960 | 146,369 | 137,292 | 9,077 |
| - | - | - | - | - |
| - | - | - | - | - |
| 86,397 | - | 86,397 | 95,047 | (8,650) |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 513,606 | 169,813 | 683,419 | 550,601 | 132,818 |
| 6,407 | (66,141) | (59,734) | 28,194 | 87,928 |
| - | - | - | - | - |
| 1,616,570 | - | 1,616,570 | 1,616,570 | - |
| (1,511,213) | - | (1,511,213) | (1,511,213) | - |
| $ 111,764 | $ (66,141) | $ 45,623 | $ 133,551 | $ 87,928 |

# COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
## ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit A-4*

*(Expressed in Thousands)*

| | *Proprietary Fund Types* | | *Fiduciary Fund Types* | | *Totals (Memorandum Only)* | |
|---|---|---|---|---|---|---|
| | Enterprise | Internal Service | Nonexpendable Trust | Pension Trust | June 30, 1993 | June 30, 1992 |
| **Operating Revenues:** | | | | | | |
| Sales and services | $ 399,947 | $ 137,356 | $ - | $ - | **$ 537,303** | $ 470,394 |
| Federal funds | - | - | 44,405 | - | **44,405** | - |
| Investment earnings | 47,058 | 1,359 | 4,982 | 1,904,036 | **1,957,435** | 1,740,195 |
| Interest earnings on loans | 69,661 | - | 2,870 | - | **72,531** | 75,380 |
| Rental and lease earnings | 4,386 | 1,085 | - | - | **5,471** | 5,225 |
| Fees, licenses and fines | 1,193 | 48 | 2,664 | 4,180 | **8,085** | 7,565 |
| Contributions | 18,116 | - | 117 | 1,141,744 | **1,159,977** | 1,027,633 |
| Insurance premiums | 620,881 | 8,997 | - | - | **629,878** | 598,260 |
| Miscellaneous | 16,403 | 207 | - | 994 | **17,604** | 17,579 |
| Allowances and uncollectible accounts | (94,516) | - | - | - | **(94,516)** | (45,823) |
| Total operating revenues | 1,083,129 | 149,052 | 55,038 | 3,050,954 | **4,338,173** | 3,896,408 |
| **Operating Expenses:** | | | | | | |
| Personal services | 199,706 | 29,456 | 37 | 3,722 | **232,921** | 212,140 |
| Supplies and materials | 15,504 | 8,683 | - | - | **24,187** | 26,131 |
| Services | 50,311 | 31,513 | - | - | **81,824** | 70,073 |
| Interest | 77,494 | - | - | - | **77,494** | 80,011 |
| Cost of goods sold | 49,382 | 22,852 | - | - | **72,234** | 69,261 |
| Depreciation/amortization | 23,256 | 15,945 | - | - | **39,201** | 38,435 |
| Grants to local governments | - | - | 291 | - | **291** | 899 |
| Claims and benefits | 559,515 | 2,263 | - | 899,822 | **1,461,600** | 1,331,843 |
| Insurance and bonding | 5,836 | 8,517 | - | - | **14,353** | 12,132 |
| Refund of contributions | - | - | - | 77,813 | **77,813** | 70,288 |
| Other | 23,413 | 10,607 | 10,274 | - | **44,294** | 39,653 |
| Total operating expenses | 1,004,417 | 129,836 | 10,602 | 981,357 | **2,126,212** | 1,950,866 |
| Operating income (loss) | 78,712 | 19,216 | 44,436 | 2,069,597 | **2,211,961** | 1,945,542 |
| Net nonoperating revenues (expenses) | (4,863) | 653 | - | - | **(4,210)** | (1,313) |
| Income (loss) before operating transfers | 73,849 | 19,869 | 44,436 | 2,069,597 | **2,207,751** | 1,944,229 |
| **Operating Transfers:** | | | | | | |
| Operating transfers in | 48,822 | 1,606 | 13,050 | - | **63,478** | 70,313 |
| Operating transfers out | (546) | (4,333) | (1,199) | - | **(6,078)** | (4,060) |
| Total operating transfers in (out) | 48,276 | (2,727) | 11,851 | - | **57,400** | 66,253 |
| Net income before extraordinary loss | 122,125 | 17,142 | 56,287 | 2,069,597 | **2,265,151** | 2,010,482 |
| Extraordinary loss (Note 11 I) | (1,945) | - | - | - | **(1,945)** | (5,275) |
| Net income | 120,180 | 17,142 | 56,287 | 2,069,597 | **2,263,206** | 2,005,207 |
| Fund equity—July 1 | 646,436 | 166,112 | 111,291 | 20,292,081 | **21,215,920** | 19,194,260 |
| Restatements (Note 18) | (2,666) | 97 | - | - | **(2,569)** | 1,913 |
| Residual equity transfers out (Note 21) | - | 389 | (1,000) | - | **(611)** | (2,500) |
| Increase (decrease) in contributed capital (Note 21) | 103 | 14,084 | - | - | **14,187** | 17,040 |
| Fund equity—June 30 | $ 764,053 | $ 197,824 | $ 166,578 | $ 22,361,678 | **$ 23,490,133** | $ 21,215,920 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# COMBINED STATEMENT OF CASH FLOWS
# ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit A-5*

*(Expressed in Thousands)*

| | *Proprietary Fund Types* | | | *Totals (Memorandum Only)* | |
|---|---|---|---|---|---|
| | Enterprise | Internal Service | Nonexpendable Trust Funds | June 30, 1993 | June 30, 1992 |
| **Cash Provided From (Used For) Operations:** | | | | | |
| Operating income (loss) | $ 78,712 | $ 19,216 | $ 44,436 | $ 142,364 | $ 108,612 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | | | |
| Depreciation/amortization | 23,256 | 15,945 | - | 39,201 | 38,435 |
| Investment earnings | (47,058) | (1,359) | (4,982) | (53,399) | (45,832) |
| Construction projects expensed | 16 | - | - | 16 | 6 |
| Mortgage/loan/note principal repayments | 95,677 | - | 2,338 | 98,015 | 77,354 |
| Loan sales | 1,293 | - | - | 1,293 | 782 |
| Mortgages/loans/notes issued | (38,068) | - | (63,419) | (101,487) | (116,924) |
| Mortgage/loan/note cancellation and writeoffs | - | - | 9,404 | 9,404 | 6,413 |
| Allowances and uncollectible accounts | (12) | - | - | (12) | 65 |
| Prior year adjustment of fixed asset writedown | - | - | - | - | 2 |
| Prior year construction in progress expensed in current year | - | - | - | - | 197 |
| Interest expense | 77,494 | - | - | 77,494 | 80,011 |
| Reclassification of assets | 25,561 | - | - | 25,561 | - |
| Extraordinary loss | (1,945) | - | - | (1,945) | (5,275) |
| (Increases) decreases in assets: | | | | | |
| Receivables | (12,456) | 2,254 | (1,109) | (11,311) | 6,288 |
| Interfund receivables | (109) | 66 | - | (43) | (179) |
| Inventories | (399) | (2,614) | - | (3,013) | 2,612 |
| Prepaid items | (407) | (588) | - | (995) | (319) |
| Increases (decreases) in liabilities: | | | | | |
| Accounts payable and accrued liabilities | (2,887) | (1,315) | - | (4,202) | (417) |
| Interfund payables | (14) | (26) | 1,051 | 1,011 | 292 |
| Intergovernmental payables | - | - | 4 | 4 | - |
| Claims payable | 24,685 | 1,100 | - | 25,785 | (8,658) |
| Deposits payable | 1,192 | 5 | - | 1,197 | 531 |
| Accrued vacation leave | (593) | 75 | - | (518) | 483 |
| Deferred revenue | (457) | 471 | - | 14 | 1,696 |
| Total cash provided from (used for) operations | 223,481 | 33,230 | (12,277) | 244,434 | 146,175 |
| **Cash Provided From (Used For) Noncapital Financing Activities:** | | | | | |
| Proceeds from sale of bonds/notes | 8,135 | - | - | 8,135 | 200,520 |
| Repayment of bond/note principal | (117,691) | - | - | (117,691) | (169,479) |
| Interest payments on bonds and notes | (78,026) | - | - | (78,026) | (72,265) |
| Bond issuance cost | (49) | - | - | (49) | (3,627) |
| Federal grants | 17,857 | - | - | 17,857 | 17,520 |
| Grants, aids and subsidies | (17,299) | - | - | (17,299) | (16,963) |
| Operating transfers in | 48,822 | 1,606 | 13,050 | 63,478 | 70,306 |
| Operating transfers out | (546) | (4,324) | (1,199) | (6,069) | (3,910) |
| Advance From State of North Carolina | 2,215 | - | - | 2,215 | 1,132 |
| Nonoperating cash donations | 327 | - | - | 327 | 412 |
| Nonoperating miscellaneous income/expense | (12,000) | 34 | - | (11,966) | (1,486) |
| Increase in contributed capital | - | 138 | - | 138 | - |
| Decrease in contributed capital | - | (157) | - | (157) | (106) |
| Residual equity transfers out | - | - | (1,000) | (1,000) | (2,500) |
| Advance to internal service fund | - | (100) | - | (100) | - |
| Advance from internal service fund | - | 100 | - | 100 | - |
| Total cash provided from (used for) noncapital financing activities | (148,255) | (2,703) | 10,851 | (140,107) | 19,554 |

Continued

*The accompanying Notes to Financial Statements are an integral part of this statement.*

## COMBINED STATEMENT OF CASH FLOWS (continued)
## ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) — *Exhibit A-5*

*(Expressed in Thousands)*

| | *Proprietary Fund Types* | | | *Totals (Memorandum Only)* | |
|---|---|---|---|---|---|
| | Enterprise | Internal Service | Nonexpendable Trust Funds | June 30, 1993 | June 30, 1992 |
| **Cash Provided From (Used For) Capital Financing Activities:** | | | | | |
| Acquisition of fixed assets | (31,777) | (23,438) | - | **(55,215)** | (47,826) |
| Proceeds from the sale of fixed assets | 411 | 2,135 | - | **2,546** | 6,185 |
| Proceeds from the sale of bonds/notes | 796 | - | - | **796** | 58,377 |
| Repayment of bond/note principal | (794) | - | - | **(794)** | (764) |
| Interest payments on bonds and notes | (3,715) | - | - | **(3,715)** | (126) |
| Bond issue costs | - | - | - | **-** | (848) |
| Operating transfers in | - | - | - | **-** | 7 |
| Operating transfers out | - | - | - | **-** | (151) |
| Nonoperating cash donations | - | - | - | **-** | 19 |
| Decrease in contributed capital | - | (1,600) | - | **(1,600)** | (3,500) |
| Principal payments on capital leases | - | - | - | **-** | (2,589) |
| Interest payments on capital leases | - | - | - | **-** | (113) |
| Insurance recoveries | - | 170 | - | **170** | 158 |
| Deferred dredging costs | (74) | - | - | **(74)** | (482) |
| Total cash provided from (used for) capital financing activities | (35,153) | (22,733) | - | **(57,886)** | 8,347 |
| **Cash Provided From (Used For) Investment Activities:** | | | | | |
| Proceeds from the sale/maturities of non-State Treasurer investments | 351,008 | 175 | 160 | **351,343** | 164,339 |
| Redemptions from the State Treasurer Long-Term Investment Pool | 2,500 | 200 | 1,052 | **3,752** | 842 |
| Invested in assets whose use is limited | 3,288 | - | - | **3,288** | (56,048) |
| Purchase of non-State Treasurer investments | (268,167) | (100) | (159) | **(268,426)** | (191,835) |
| Purchase into State Treasurer Long-Term Investment Pool | (3,650) | (585) | (1,286) | **(5,521)** | (8,207) |
| Bond premium not amortized | - | - | 15 | **15** | - |
| Investment earnings | 37,321 | 273 | 2,799 | **40,393** | 30,512 |
| Total cash provided from (used for) investment activities | 122,300 | (37) | 2,581 | **124,844** | (60,397) |
| Net increase (decrease) in cash and cash equivalents | 162,373 | 7,757 | 1,155 | **171,285** | 113,679 |
| Cash and cash equivalents at July 1 | 208,595 | 46,000 | 40,596 | **295,191** | 181,512 |
| Cash and cash equivalents at June 30 | $ 370,968 | $ 53,757 | $ 41,751 | **$ 466,476** | $ 295,191 |
| **Noncash Investing, Capital, and Financing Activities:** | | | | | |
| Noncash distributions from the State Treasurer Long-Term Investment Pool | $ 19,566 | $ 1,101 | $ 2,206 | **$ 22,873** | $ 18,778 |
| Donated assets (fair market value) | 207 | - | - | **207** | 695 |
| Fully depreciated assets that were scrapped | - | - | - | **-** | - |
| Interest on advance from State of North Carolina | 1,651 | - | - | **1,651** | 1,497 |
| Fully depreciated assets transferred to general fixed assets account group | - | - | - | **-** | - |
| Increase in contributed capital | 103 | 16,439 | - | **16,542** | 22,764 |
| Decrease in contributed capital | - | (3,738) | - | **(3,738)** | (2,118) |
| Assets acquired through the assumption of a liability | - | 679 | - | **679** | 341 |
| Noncash distribution from the insurance liability fund | - | - | - | **-** | - |
| Change in construction in progress as a result of accrual accounts payable | 741 | 127 | - | **868** | (243) |
| Fixed asset writeoff | (2,436) | - | - | **(2,436)** | - |
| Prior period adjustment | - | - | - | **-** | 21 |
| Component parts added to base asset to make greater than $5000 | - | - | - | **-** | 19 |

*The accompanying Notes to Financial Statements are an integral part of this statement.*

# COMBINED STATEMENT OF CHANGES IN FUND EQUITY
# ALL UNIVERSITY FUND TYPES

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit A-6*

*(Expressed in Thousands)*

| | Current Funds | Fiduciary Funds | Plant Funds | Totals (Memorandum Only) June 30, 1993 | June 30, 1992 |
|---|---|---|---|---|---|
| **Revenues and Other Additions:** | | | | | |
| Tuition and fees | $ 276,891 | $ - | $ 2,469 | $ 279,360 | $ 247,081 |
| Federal appropriations | 19,975 | - | - | 19,975 | 20,222 |
| Federal contracts and grants | 399,175 | 1,918 | 1,029 | 402,122 | 342,428 |
| State contracts and grants | 42,889 | - | - | 42,889 | 35,612 |
| Local contracts and grants | 1,831 | - | - | 1,831 | 1,491 |
| Private gifts, contracts and grants | 153,946 | 13,282 | 9,719 | 176,947 | 161,396 |
| Endowment income | 13,047 | 124 | - | 13,171 | 16,104 |
| Sales and services | 559,931 | - | - | 559,931 | 508,306 |
| Investment earnings | 35,707 | 17,067 | 9,507 | 62,281 | 62,590 |
| Realized gain on sale of investments | 1,649 | 20,353 | 64 | 22,066 | 21,038 |
| Expended for plant facilities | - | - | 169,458 | 169,458 | 148,643 |
| Retirement of indebtedness | - | - | 24,379 | 24,379 | 27,252 |
| Other revenues and additions | 32,192 | 1,338 | 1,261 | 34,791 | 41,348 |
| Total revenues and other additions | 1,537,233 | 54,082 | 217,886 | 1,809,201 | 1,633,511 |
| **Expenditures and Other Deductions:** | | | | | |
| Educational and general: | | | | | |
| Instruction | 804,524 | - | - | 804,524 | 762,020 |
| Organized research | 288,298 | - | - | 288,298 | 262,168 |
| Public service | 164,786 | - | - | 164,786 | 152,664 |
| Academic support | 153,076 | - | - | 153,076 | 138,312 |
| Student services | 50,450 | - | - | 50,450 | 46,451 |
| Institutional support | 159,592 | - | - | 159,592 | 146,542 |
| Physical plant operations | 162,132 | - | - | 162,132 | 152,060 |
| Student financial aid | 163,888 | - | - | 163,888 | 155,006 |
| Total educational and general | 1,946,746 | - | - | 1,946,746 | 1,815,223 |
| Auxiliary enterprises | 299,353 | - | - | 299,353 | 277,442 |
| Internal service | 21,428 | - | - | 21,428 | 17,406 |
| Independent operations | 12,220 | - | - | 12,220 | 11,571 |
| Professional clinical services | 136,014 | - | - | 136,014 | 117,733 |
| Indirect cost recovered | 62,967 | - | - | 62,967 | 54,291 |
| Refunded to grantors | 575 | - | - | 575 | 372 |
| Administrative and collection costs, loan cancellation, and bad debts | - | 6,765 | - | 6,765 | 4,776 |
| Realized loss on sale of investments | 1,198 | 1,677 | 255 | 3,130 | 3,337 |
| Expended for plant facilities | - | - | 55,757 | 55,757 | 41,272 |
| Retirement of indebtedness | - | - | 23,972 | 23,972 | 27,016 |
| Interest on indebtedness | - | - | 26,210 | 26,210 | 26,953 |
| Disposal of plant facilities | - | - | 41,798 | 41,798 | 37,528 |
| Other expenditures and deductions | - | - | 556 | 556 | 537 |
| Total expenditures and other deductions | 2,480,501 | 8,442 | 148,548 | 2,637,491 | 2,435,457 |
| **Transfers—Additions (Deductions):** | | | | | |
| Intrainstitutional transfers: | | | | | |
| Mandatory transfers | (49,748) | 170 | 43,939 | (5,639) | (4,841) |
| Non-mandatory transfers | (26,204) | 15,797 | 24,028 | 13,621 | 4,764 |
| Interinstitutional transfers | (4,767) | 501 | (29) | (4,295) | (1,918) |
| Operating transfers in | 1,094,284 | - | 40,288 | 1,134,572 | 1,057,997 |
| Net transfers | 1,013,565 | 16,468 | 108,226 | 1,138,259 | 1,056,002 |
| Net increase in fund equity | 70,297 | 62,108 | 177,564 | 309,969 | 254,056 |
| Fund equity—July 1 | 420,078 | 557,163 | 2,909,280 | 3,886,521 | 3,630,405 |
| Restatements (Note 19) | 1,396 | 2,041 | (2,645) | 792 | 2,067 |
| Residual equity transfers (Note 21) | - | - | (6) | (6) | (7) |
| Fund equity—June 30 | $ 491,771 | $ 621,312 | $ 3,084,193 | $ 4,197,276 | $ 3,886,521 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND TRANSFERS ALL UNIVERSITY CURRENT FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*Exhibit A-7*

*(Expressed in Thousands)*

| | Unrestricted | | | Restricted | Totals (Memorandum Only) | |
|---|---|---|---|---|---|---|
| | General | Proprietary | Total | | June 30, 1993 | June 30, 1992 |
| **Revenues:** | | | | | | |
| Tuition and fees | $ 276,891 | $ - | $ 276,891 | $ - | $ 276,891 | $ 244,632 |
| Federal appropriations | 19,975 | - | 19,975 | - | 19,975 | 20,222 |
| Federal contracts and grants | 55,806 | - | 55,806 | 280,057 | 335,863 | 293,498 |
| State contracts and grants | 1,896 | - | 1,896 | 37,797 | 39,693 | 33,989 |
| Local contracts and grants | 30 | - | 30 | 1,818 | 1,848 | 1,376 |
| Private gifts, contracts and grants | 13,856 | 3,959 | 17,815 | 126,965 | 144,780 | 137,987 |
| Endowment income | 2,441 | 2 | 2,443 | 9,584 | 12,027 | 10,798 |
| Sales and services | 37,441 | 521,530 | 558,971 | 765 | 559,736 | 507,868 |
| Investment earnings | 14,763 | 12,613 | 27,376 | 358 | 27,734 | 28,080 |
| Realized gain on sale of investments | 1,647 | - | 1,647 | 2 | 1,649 | 2,320 |
| Other revenues | 8,680 | 7,133 | 15,813 | 9,810 | 25,623 | 26,417 |
| Total current revenues | 433,426 | 545,237 | 978,663 | 467,156 | 1,445,819 | 1,307,187 |
| **Expenditures:** | | | | | | |
| Educational and general: | | | | | | |
| Instruction | 723,880 | - | 723,880 | 80,644 | 804,524 | 762,020 |
| Organized research | 74,626 | - | 74,626 | 213,672 | 288,298 | 262,168 |
| Public service | 109,676 | - | 109,676 | 55,110 | 164,786 | 152,664 |
| Academic support | 138,708 | - | 138,708 | 14,368 | 153,076 | 138,312 |
| Student services | 47,886 | - | 47,886 | 2,564 | 50,450 | 46,451 |
| Institutional support | 149,766 | - | 149,766 | 9,826 | 159,592 | 146,542 |
| Physical plant operations | 161,498 | - | 161,498 | 634 | 162,132 | 152,060 |
| Student financial aid | 72,949 | - | 72,949 | 90,939 | 163,888 | 155,006 |
| Total educational and general | 1,478,989 | - | 1,478,989 | 467,757 | 1,946,746 | 1,815,223 |
| Auxiliary enterprises | - | 299,353 | 299,353 | - | 299,353 | 277,442 |
| Internal Service | - | 21,428 | 21,428 | - | 21,428 | 17,406 |
| Independent operations | - | 12,220 | 12,220 | - | 12,220 | 11,571 |
| Professional clinical services | - | 136,014 | 136,014 | - | 136,014 | 117,733 |
| Realized loss on sale of investments | 1,197 | - | 1,197 | 1 | 1,198 | 345 |
| Other expenditures and deductions | - | - | - | - | - | - |
| Total expenditures | 1,480,186 | 469,015 | 1,949,201 | 467,758 | 2,416,959 | 2,239,720 |
| **Transfers and Additions (Deductions):** | | | | | | |
| Excess of restricted receipts over transfers to revenues | - | - | - | 28,447 | 28,447 | 18,414 |
| Refund to grantors | - | - | - | (575) | (575) | (372) |
| Mandatory transfers | (14,335) | (37,747) | (52,082) | 2,334 | (49,748) | (38,014) |
| Non-mandatory transfers | (6,870) | (16,516) | (23,386) | (2,818) | (26,204) | (38,076) |
| Interinstitutional transfers | 769 | - | 769 | (5,536) | (4,767) | (3,532) |
| Operating transfers in | 1,094,284 | - | 1,094,284 | - | 1,094,284 | 1,043,398 |
| Net increase in fund equity | $ 27,088 | $ 21,959 | $ 49,047 | $ 21,250 | $ 70,297 | $ 49,285 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

## NOTES TO THE FINANCIAL STATEMENTS

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## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Presentation

The accompanying financial statements of the State of North Carolina have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which consist of GASB Statements and Interpretations, as well as American Institute of Certified Public Accountants (AICPA) and Financial Accounting Standards Board (FASB) pronouncements specifically made applicable to state and local governmental entities by GASB Statements and Interpretations. The financial statements of the University Funds have been prepared in conformity with generally accepted accounting principles for colleges and universities as prescribed by the AICPA College Guide model.

The financial statements are presented as of and for the fiscal year ended June 30, 1993, except for the USS North Carolina Battleship Commission whose statements are as of and for the fiscal year ended September 30, 1992, and the North Carolina Deferred Compensation Plan and the 401(k) Supplemental Retirement Income Plan whose statements are as of and for the calendar year ended December 31, 1992.

### B. Financial Reporting Entity

For financial reporting purposes the State of North Carolina entity includes all fund types, account groups, departments and agencies of the State, as well as universities and boards, commissions, and authorities, over which the State's executive, legislative and judicial branches exercise oversight responsibility. This is in conformity with the guidelines issued by the Governmental Accounting Standards Board in its GASB Codification Section 2100.

The criteria for including an organization in the State's reporting entity are determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and any other special relationships.

Based on the application of the GASB Codification Section 2100 criteria, the following organizations, in addition to those mentioned above, meet the oversight criteria and are included in the accompanying financial statements:

*Enterprise Funds:*

- USS North Carolina Battleship Commission
- North Carolina Housing Finance Agency
- North Carolina State Ports Authority
- North Carolina Ports Railway Commission
- North Carolina Air Cargo Authority
- North Carolina Low Level Radioactive Waste Management Authority

The following significant organizations have been determined not to be a part of the reporting entity after applying the manifestations of oversight, scope of public service, or special financing relationships criteria of GASB Codification Section 2100 and are, therefore, excluded from the accompanying financial statements because, except for fiduciary responsibilities in some instances, the State does not control the assets, operations or management of the respective entities:

- Community colleges (other than State aid)
- Local school administrative units (other than State aid)
- Local Alcoholic Beverage Control (ABC) boards and stores
- North Carolina Biotechnology Center (*joint venture*)
- MCNC (formerly the Microelectronics Center of North Carolina) (*joint venture*)

The State currently considers community colleges and local school administrative units separate units of government, apart from State or local governments. Local ABC boards are units of local government.

Note 22 presents additional information regarding the State's participation in the two joint ventures listed above.

### C. Fund Accounting

The financial activities of the State are organized on a basis of individual funds and account groups, each of which is a separate accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. The financial activities of the State accounted for in the accompanying financial statements have been classified into the following fund categories and account groups:

#### *1. Governmental Funds*

Governmental funds are those through which most governmental functions of the State are financed. The acquisition, use and balances of the State's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of

financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination. The following are the State's governmental funds.

**General Fund.**

All financial resources received and used for services traditionally provided by a state government and not required to be accounted for in other funds are accounted for in the General Fund. These services include general government; education (other than universities); human resources; economic development; environment, health and natural resources; public safety and corrections; and agriculture.

**Special Revenue Funds.**

Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes are accounted for in special revenue funds. The special revenue funds reported in this CAFR have been grouped under the following governmental functional categories: transportation; general government; education (other than universities); human resources; economic development; environment, health and natural resources; and public safety and corrections.

**Debt Service Funds.**

Transactions related to resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases and compensated absences) are generally accounted for in debt service funds.

**Capital Projects Funds.**

Transactions related to resources obtained and used for the acquisition, construction or improvement of major governmental general fixed assets are accounted for in the capital projects funds. Such resources are derived principally from operating transfers from the General Fund and from bond funds. Highway infrastructure construction projects are accounted for in the State Highway Fund and the Highway Trust Fund. These projects are not included in the capital projects funds.

### 2. *Proprietary Funds*

Proprietary funds are used to account for the State's ongoing activities which are similar to those often found in the private sector. The proprietary fund measurement focus is upon determination of net income, financial position, and changes in cash flows. The generally accepted accounting principles used are those applicable to similar businesses in the private sector; thus, these funds are reported on the accrual basis of accounting. The following are the State's proprietary funds.

**Enterprise Funds.**

Enterprise funds account for operations of State government that are financed and operated in a manner similar to private business enterprises. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The acquisition, maintenance and improvement of physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds, Federal grants and other State funds.

**Internal Service Funds.**

Internal service funds account for the operations of State agencies that provide services to other State agencies, departments or other governmental units on a cost reimbursement basis.

### 3. *Fiduciary Funds*

Fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the State's fiduciary funds.

**Trust Funds.**

- **Expendable Trust.** Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

- **Nonexpendable Trust.** Nonexpendable trust funds account for assets held by the State in a trustee capacity where only income derived from the principal may be expended in the course of the funds' designated operations. The principal must be preserved intact.

- **Pension Trust.** Pension trust funds account for transactions, assets, liabilities, and net assets available for plan benefits of the various State and local governmental public employee retirement systems, which the State administers.

**Agency Funds.**

Agency funds account for the various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

### *4. Account Groups*

Account groups are used to establish accounting control and accountability for the State's general fixed assets and general long-term obligations and do not involve measurement of operations.

**General Fixed Assets Account Group.**

This account group is established to account for fixed assets acquired for general government purposes, except those accounted for in proprietary funds or university funds. General fixed assets do not represent financial resources available for appropriation and expenditure.

**General Long-Term Obligations Account Group.**

This account group is established to account for the unmatured principal of the State's general long-term debt and other long-term obligations of governmental funds. The unmatured principal of general long-term debt and other long-term obligations does not require current appropriation and expenditure of governmental fund financial resources.

### *5. University Funds*

University funds account for the operations of State universities in accordance with existing authoritative accounting and reporting principles applicable to universities. Accordingly, the university funds are an aggregation of the following funds:

**Current Funds.**

Current funds account for economic resources of the institutions which are expendable for any purpose in performing the primary objectives of the institutions and which have not been designated by the governing body for any other purposes. Resources restricted for specific current operating purposes by a donor or other external agency are accounted for as restricted current funds.

**Fiduciary Funds.**

- **Loan.** Loan funds account for resources available for loans to students, staff and faculty.
- **Endowment.** Endowment and similar funds are similar to trust funds in that they must be administered in accordance with the terms of the applicable agreements.
- **Agency.** Agency funds are those funds of students and organizations held by the universities as custodian.

**Plant Funds.**

Plant funds consist of resources available to acquire or repair institutional properties, to service debt incurred to acquire such properties and the cost of fixed assets and the sources from which the cost is funded, including associated liabilities. The plant funds resources and activities are accounted for in three sub-groups: Unexpended, Debt Service and Investment in Plant.

## D. Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of proprietary funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary funds' and similar trust funds' operating statements present increases (revenues) and decreases (expenses) in net total assets.

### *1. Governmental Funds, Expendable Trust Funds and Agency Funds*

The accounts of the general, special revenue, debt service, capital projects, expendable trust and agency funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. Material revenues susceptible to accrual include federal grants, sales taxes and motor fuel taxes. Expenditures and other uses of financial resources are recognized when the related liability is incurred, except for items that are not planned to be liquidated with expendable available resources, such as the long-term portion of the liability for compensated absences and capital lease obligations.

Other modifications to the accrual basis of accounting include the following:

- inventories generally are considered expenditures at acquisition;
- prepayments usually are not capitalized; and,
- principal and interest on long-term debt are recorded when due.

*2. Proprietary Funds, Nonexpendable Trust Funds and Pension Trust Funds*

The accounts of the enterprise, internal service, nonexpendable trust and pension trust funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

*3. University Funds*

The accounts of the university funds are reported using the accrual basis of accounting with the following exceptions:

- *Depreciation expense* related to plant fund assets is not recorded; and,
- *Revenues and expenditures of an academic term* encompassing more than one fiscal year are reported solely in the fiscal year in which the program is predominantly conducted.

## E. Cash and Cash Equivalents

This classification consists of funds deposited by the individual funds with the pooled cash accounts of the State Treasurer. Because it is immediately available to the funds, it is considered to be a form of cash equivalent. This classification also includes undeposited receipts, petty cash, checking accounts and time deposits (excluding certificates of deposit, which are considered investments) managed by the State's agencies and institutions. This classification is reported on the accompanying statements of cash flows as "Cash and Cash Equivalents." See also Note 4.

## F. Investments

This classification consists of long-term pooled investments (managed by the State Treasurer) and long-term non-pooled investments (managed by agencies and institutions) that are stated at cost or amortized cost. Investments of the State's Deferred Compensation Plan (*agency fund*) are valued at market value. Note 4 provides a detailed listing of the types of investments that State law allows.

None of the State's pooled investments and non-pooled investments are treated as cash equivalents as defined in GASB Statement No. 9. They are reported on the accompanying balance sheets as "Investments."

## G. Deposit with Federal Government

This classification consists of unemployment compensation trust funds (*expendable trust fund*) held on deposit in the Federal Reserve Bank of the United States Treasury.

## H. Receivables and Interfund Receivables

Receivables in the State's governmental and fiduciary funds consist primarily of tax, interest and federal revenues. Receivables in proprietary and university funds occur in the normal course of business. Interfund receivables consist of transfers between fund types and State departments within State government. Operating transfers and reimbursements are classified in this account.

## I. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

## J. Inventories

Inventories, consisting of materials and supplies, are valued on the first-in, first-out, last invoice cost or moving weighted average basis for governmental and most university funds. The State Highway Fund (special revenue) maintenance and construction inventories are valued on a moving weighted average basis. Inventories of proprietary funds are valued on the first-in, first-out or moving weighted average basis. Some university book stores utilize the retail inventory method.

Except for the State Highway Fund, the cost of inventory items in governmental funds is recorded as an expenditure when purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The proprietary, university and the State Highway Fund maintenance and construction inventories are recognized as expenditures when consumed.

## K. Property, Plant and Equipment

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. For financial reporting purposes, depreciation is not recorded on general fixed assets. Fixed assets of the proprietary funds are capitalized in the fund in which they are utilized and are depreciated either on the straight-line basis or on the units of output basis over their useful lives. Fixed assets of universities are capitalized in the university funds. Depreciation is not provided on these assets.

Fixed assets are stated at historical cost or, in some instances, estimated historical cost. Donated fixed assets are stated at fair market value at the time of donation. The State capitalizes all fixed assets which have a value or cost in excess of $5,000 at the date of acquisition and have an expected useful life of two or more years, except for University fixed assets, for which the minimum threshold is $500 for capitalization to comply with federal reporting requirements. In addition, certain enterprise funds (USS N.C. Battleship Commission, UNC Hospitals, N.C. Housing Finance Agency,

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

N.C. State Ports Authority, N.C. Air Cargo Authority and N.C. Ports Railway Commission) continue to capitalize fixed assets at $500 or less.

The State currently does not capitalize interest costs incurred during construction. Exceptions to this policy are some universities, UNC Hospitals and State Ports Authority, which capitalize interest costs during construction.

Public domain ("infrastructure") general fixed assets consisting of highways, bridges, highway lands and rights-of-way are not capitalized.

The depreciation methods and estimated lives used by proprietary funds are:

| | *Method* | *Estimated Useful Life* |
|---|---|---|
| Buildings | Straight-line | 10-50 years |
| Other structures and improvements | Straight-Line | 10-50 years |
| Machinery and equipment | Straight-line or Units of output | 3-15 years |

### L. Lease Obligations

Assets acquired under capital leases are generally valued at the present value of the lease payments. Capital leases of governmental funds are reported in the general long-term obligations account group and the related assets are reported in the general fixed assets account group. Capital leases for proprietary funds and university funds are reported in those funds, along with the related assets.

GASB Codification Section L20 and the Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, issued by the Financial Accounting Standards Board (FASB), establish requirements for lease obligations. Leases meeting the standards of FASB 13 have been capitalized and are reported as capital leases payable. Other leases are accounted for as operating leases and are not recorded on the balance sheet. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. Refer to Note 10 for specific disclosures on lease obligations.

All leases of the State contain appropriation clauses indicating that continuation of the lease is subject to continued funding by the Legislature. For reporting purposes, leases are fully disclosed since cancellation due to lack of appropriation is deemed unlikely.

### M. Compensated Absences

The State has adopted the accounting and reporting principles outlined in GASB Codification Section C60 regarding employee vacation leave. Since unpaid vacation leave will not be liquidated with expendable available financial resources, the State's liability for long-term accumulated unpaid vacation leave is reported in the accompanying general long-term obligations account group for all governmental funds. There is no liability in the accompanying financial statements for unpaid accumulated sick leave because the State has no obligation to pay sick leave upon employee termination or retirement.

In the proprietary funds and university funds, the liability for accumulated unpaid vacation leave is reported as a current liability. For the same reasons as cited for governmental funds, no liability for unpaid accumulated sick leave is recorded. Although these funds are proprietary in nature, the ultimate liability for unpaid vacation and sick leave rests with the State as a whole. Note 8 discloses the amount of the liability for unpaid vacation leave.

In all governmental funds, except for the State Highway Fund (*special revenue*), the expenditure for compensated absences (vacation and sick leave) is recorded when the leave is taken. In the State Highway Fund, vacation and sick leave is recorded as earned for those employees whose time is chargeable to federal participation projects. The expenditure for compensated absences for all other Highway employees follows the governmental funds' policy described above.

In proprietary funds the expense for vacation leave is recorded when the leave is earned. In university funds a year-end adjustment is recorded to reflect the current year's vacation leave expense. The expense for sick leave is recorded when the leave is taken in both proprietary and university funds.

### N. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term obligations account group. Expenditures for principal and interest payments, for governmental fund general obligation bonds and revenue bonds, are recognized in the debt service fund when due. Long-term liabilities expected to be financed from the proprietary funds and the university funds, as well as the related interest payments, are accounted for in those funds.

Capital appreciation bonds are those bonds which are issued at stated interest rates (which may be zero) significantly below their effective interest rate, resulting in a substantial discount (deep discount). The implicit interest (*i.e.*, discount) is not paid until the bonds mature. Therefore, the net value of the bonds accrete (*i.e.*, the discount is reduced) over the life of the bonds. This deep-discount debt is reported in the general long-term obligations account group and in the university

plant funds at its net or accreted value, rather than at face value.

## O. Sureties

Sureties include various assets, including securities from insurance companies doing business within the state, that have been placed in safekeeping with the State Treasurer, as required by applicable general statutes.

## P. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from other funds. Fund balance reserved (in governmental and trust funds) and fund balance restricted (in university funds) represent that portion of fund balances (1) not available for appropriation or expenditure and/or (2) that is legally segregated for a specific future use. Refer to Note 18 for disclosure on reserves.

## Q. Revenues

**Taxes.**

Income tax revenues are self-assessed by taxpayers and recognized as revenue by the State when cash is received. However, if taxpayer liability and collectibility can be clearly established, as when tax returns have been filed but collection is delayed, a receivable is recorded; revenue is then accrued if available to pay current-period liabilities, or otherwise deferred until collection is made. Sales taxes collected by merchants through June 30 but not required to be remitted to the State until the following fiscal year are accrued by the State if received within 30 days of the close of the State's fiscal year end. Other taxes, which include alcoholic beverage, soft drink, tobacco products, utility franchise, real estate conveyance and certain privilege license taxes, are accrued on the same basis as the sales taxes described above. Motor fuels taxes collected but not yet required to be remitted to the State by the end of the fiscal year are accrued if received within 45 days.

**Federal Grant Revenues.**

Federal grants are recorded as receivables and as revenues when the related expenditures are incurred. Grants received before the revenue recognition criteria have been met are reported as deferred revenue.

## R. Interfund and Intrafund Transactions

During the course of normal operations, the State has numerous transactions between and within fund types, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers, except for retirement contributions made by the State which are accounted for as revenues in the pension trust funds and expenditures/expenses in the contributing funds.

Certain intrafund transactions included in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances have been eliminated, while the remaining intrafund transactions, in amounts not readily determinable, have not been eliminated. In addition, operating transfers and interfund receivables/payables may be misstated by an amount not readily determinable. Therefore, detailed note disclosure of interfund receivables/payables balances is not reported.

Internal service funds record charges for services to all State funds as operating revenue. All State funds record these payments to the internal service funds as current expenditures/operating expenses.

## S. Totals - Memorandum Only

The "*Totals - Memorandum Only*" columns on the general purpose financial statements are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is the data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## NOTE 2: BUDGETARY ACCOUNTING AND REPORTING

### A. Budgetary Process

The State of North Carolina operates on a biennial budget cycle with separate annual departmental certified budgets adopted by the General Assembly on the cash basis of accounting for the General Fund, the State Highway Fund, the Highway Trust Fund, certain special revenue funds, and capital projects funds. However, budgets adopted by the General Assembly based on annual State tax and nontax revenues for the State Highway Fund and the Highway Trust Fund are combined with federal and local participation revenues and are primarily budgeted and accounted for on a multi-year project basis. Capital project funds and special revenue bond funds are budgeted on a project basis. Since these funds have multi-year project budgets, they are not included in the budgetary comparison statement.

The accompanying budgetary comparison statement discloses the annual "appropriated budget" for the General Fund and special revenue funds. Excluded from the budgetary comparison statement are those funds determined by the Office of State Budget and Management (OSBM) to be unbudgeted. Actual amounts in the accompanying budgetary comparison statements are presented on the budgetary basis. Since the budgetary basis differs from generally accepted accounting principles (GAAP), a reconciliation between the budgetary basis and the GAAP basis is presented in Note 2 C.

Budgetary control is exercised at both the departmental and university level by way of quarterly allotments, and on the program line-item levels requiring certain approvals by the Director of the Budget. (See Article I, Chapter 143, of the N.C. General Statutes.) The "Certified Budget" is the legal expenditure authority created by the appropriation bills which are passed into law by the N.C. General Assembly. The departments and universities are permitted to overexpend their "Certified Budget," within prescribed guidelines, as authorized by the General Assembly and approved by the OSBM. The "Certified Budget" plus the approved amount to overexpend results in the "Final Budget" for each department and university as presented in the accompanying financial statements. In certain emergency situations, the OSBM, with Council of State approval, may allot additional funds from the contingency and emergency appropriation reserves. Appropriations lapse at the end of each fiscal year.

An encumbrance system is maintained by most state departments to account for commitments resulting from approved purchase orders, work orders and contracts. Encumbrances at year-end represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders in process are completed. Normally, encumbrances outstanding at year-end for unfulfilled obligations of the current year budget are re-established in the succeeding year and expended from that year's appropriations. However, in certain instances OSBM will authorize a department to write a check for an encumbrance which creates a "budgetary expenditure." These budgetary expenditures are referred to as "cash carryforward of appropriations."

The 1991 General Assembly enacted legislation providing certain management incentives and flexibility for the constituent institutions of the University of North Carolina System, who apply to the Board of Governors of the University System for increased flexibility and designation as a "special responsibility constituent institution" (SRCI). The expansion of flexibility included greater budgetary flexibility as well as increased flexibility in position management and in purchasing. Budget flexibility allows SRCIs to carry forward a maximum of 2.5% of unspent, unencumbered operating appropriations at the close of each fiscal year in excess of the percentage of General Fund appropriations historically reverted to the State Treasury over the preceding five fiscal years. Funds carried forward may only be used for one-time expenditures that do not impose additional financial obligations on the State. In return, those institutions which apply for increased flexibility are required to demonstrate the effectiveness of greater flexibility in undergraduate student learning and development.

Further detailed appropriation and departmental budget information is available for public inspection in the separately published "Annual Report—Budgetary Basis" through the Office of the State Controller, 200 West Jones Street, Raleigh, N.C. 27603. Further detailed appropriation and departmental budget information is also available through the Office of State Budget and Management, 116 West Jones Street, Raleigh, N.C. 27603.

## B. Fund Balance Restatement

Fund balance for budgeted special revenue funds as of July 1, 1992 has been restated in this CAFR from the amount published last year. Since the State Highway Fund and the Highway Trust Fund are primarily multi-year budgets, they are no longer included in the annual budgetary statements. In addition, some unbudgeted funds, previously included in the statement, are no longer presented. The following table summarizes those restatements (expressed in thousands).

| | |
|---|---|
| Fund balance as previously reported at June 30, 1992 | $1,616,570 |
| **Funds removed:** | |
| State Highway Fund | (1,320,918) |
| Highway Trust Fund | ( 185,036) |
| Unbudgeted funds | ( 5,259) |
| Fund balance as restated at July 1, 1992 | $ 105,357 |

## C. Reconciliation of Budget/GAAP Reporting Differences

The *Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General Fund and Special Revenue Funds*, Exhibit A-3, presents comparisons of the legally adopted budget (which is more fully described in section A, above) with actual data on a budgetary basis. Accounting principles applied to develop data on a budgetary basis differ significantly from those principles used to present financial statements in conformity with generally accepted accounting principles (GAAP). The following describes the major differences between budgetary financial data and GAAP financial data:

***Entity differences.*** The State Highway Fund and the Highway Trust Fund, as discussed in section A, have multi-year budgets and therefore are not included in the budgetary statements. They are presented in the special revenue funds for GAAP purposes. Certain funds, not included in the annual budgetary statements but which have the characteristics of governmental funds, are presented in either the General Fund or the special revenue funds for GAAP purposes.

***Basis differences.*** Budgetary funds are accounted for on the cash basis of accounting, while under GAAP the governmental funds use the modified accrual basis. Accrued revenues and expenditures are recognized in the GAAP financial statements.

***Timing differences.*** A significant variance between budgetary practices and GAAP is the authorized carryforward of appropriated funds, which is described in section A.

The following table presents a reconciliation of resulting entity, basis, and timing differences in the fund balances (budgetary basis) at June 30, 1993 to the fund balances on a modified accrual basis (GAAP). Amounts are expressed in thousands.

| | *General Fund* | *All Special Revenue Funds* |
|---|---|---|
| Unreserved fund balance (budgetary basis), June 30, 1993 | $ 345,998 | $ 133,551 |
| *Reconciling Adjustments:* | | |
| **Entity Differences:** | | |
| Various fund reclassifications | 76,186 | 75,987 |
| State Highway Fund | | 308,174 |
| Highway Trust Fund | | 416,839 |
| **Basis Differences:** | | |
| Accrued revenues | 642,911 | 10,075 |
| Accrued expenditures | (807,546) | (22,156) |
| **Timing Differences:** | | |
| Authorized carryforward of appropriated funds | 41,249 | 2,911 |
| **Other Adjustments:** | | |
| Reserves: | | |
| Advance to enterprise fund | 22,131 | - |
| Retirees' Health Premium account | 79,376 | - |
| Inventories | 38,775 | 9,719 |
| Statutory reservation: | | |
| Savings | 175,926 | - |
| Repairs and renovation | 57,000 | - |
| Other reserves | 9,022 | 32,073 |
| Fund balance (GAAP basis), June 30, 1993 | $ 681,028 | $ 967,173 |

## D. Budgetary Reserves

The North Carolina General Assembly has established several accounts in the General Fund as reserved fund balances. Funds transferred to these accounts can be used for only their intended purposes and are not available for appropriation. The following is a description of those reserves that were established and defined in G.S. 143-15.2 through 143-15.3A.

**Savings Reserve Account.** One-fourth of any unreserved credit balance (budgetary basis) remaining in the General Fund at the end of each fiscal year will be transferred to the Savings Reserve account until the account contains funds equal to 5% of the amount appropriated the preceding year for the General Fund operating budget.

**Repairs and Renovations Reserve Account.** This reserve account provides for the State's continuing capital needs. The reserve balance is defined as the lesser of one-fourth of any unreserved credit balance in the General Fund at the end of each fiscal year (similar to the Savings Reserve account, described above), or 1.5% of the replacement value of all State buildings supported from the General Fund. The funds in this account shall be used only for the repair and renovation of State facilities and related infrastructure that are supported from the General Fund.

The following schedule summarizes current year changes in the budgetary reserve accounts. Amounts are expressed in thousands.

| Reserve | Balance-June 30, 1992 | Additions | Balance-June 30, 1993 |
|---|---|---|---|
| Savings | $41,593 | $134,333 | $175,926 |
| Repairs and renovations | - | 57,000 | 57,000 |
| Total Reserves | $41,593 | $191,333 | $232,926 |

## E. Overexpenditure of Appropriations

For the fiscal year ended June 30, 1993, expenditures exceeded appropriations at the legal level of control by $8.650 million for Claims and Benefits. The overexpenditure occurred in the Employment Security Commission (ESC). The ESC had sufficient cash on the budgetary basis to cover the overexpenditure of appropriations.

## F. Budgetary Accounting Change

The tax law change occurred during the 1992 Session of the General Assembly which restored the earmarking of certain General Fund tax revenues for local government tax reimbursements. As a result, budgeted corporate income tax decreased in the fiscal year ended June 30, 1993 by $154 million from the prior year.

# NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

## Retained Earnings / Fund Balance Deficit

At June 30, 1993, the North Carolina Low Level Radioactive Waste Management Authority (*enterprise fund*) had a $25.3 million retained earnings deficit. The financial statements of the Authority have been prepared following the accounting principles which apply to developmental stage enterprises. The retained earnings deficit reflects losses sustained in the developmental stage, with recovery of these to occur from future operating revenues. Funds to finance developmental stage costs of the Authority have been advanced from the General Fund, which will be repaid in the future.

At June 30, 1993, the Highway Patrol Fund *(special revenue fund)* had a $1.9 million deficit in fund balance. The deficit resulted from the accrual of the June 30, 1993, payroll, which was not paid until July 1, 1993, from the new year's appropriations.

At June 30, 1993, the Educational Materials and School Buses Fund (*special revenue fund*) within the Department of Public Instruction reported a retained earnings deficit of $15.1 million. The deficit resulted from the department not being able to recognize certain Intergovernmental Receivables due from local school units. Those receivables and the related revenue will be funded with a future year's state appropriation. The amount unrecognized at June 30, 1993 was $20.5 million.

## NOTE 4: DEPOSITS AND INVESTMENTS

The State maintains a cash and investment pool, under the control of the State Treasurer, that is available for use by all State agencies. In addition, other funds are directly controlled by the various state departments and institutions.

Unless specifically exempted from the requirement, every officer and agency of the State is required by N.C. General Statute 147-77 to deposit daily, monies received, either with the State Treasurer or in an account with a depository institution in the name of the State Treasurer with a daily report to the State Treasurer. Funds deposited with the State Treasurer for safekeeping and separate investment are included in an investment pool in one or more of seven separate investment portfolios segregated only by the investment objective of the portfolio. Each participant of each portfolio owns a pro-rata undivided interest in all deposits and/or investments in the portfolio and in the realized earnings of the portfolio.

The amounts shown on the combined balance sheet as Cash and Cash Equivalents and as Investments include the balances of the State Treasurer's seven investment portfolios, which are recorded in the State Accounting System as Pooled Cash and Pooled Investments, as well as the agency/university deposits and investments maintained outside of the State Treasurer's accounts. The balances for Pooled Cash and Pooled Investments shown in the following *Demand and Time Deposits* and *Investments* sections of this note reflect the manner of investment of available funds in the State's central cash and investment pool, in order to disclose the collateralization and level of risk associated with those funds.

### Demand and Time Deposits

The State Treasurer maintains numerous deposit accounts for collecting and disbursing funds. Expenditures for the State are made by warrants drawn on the State Treasurer, which is issued by the agency receiving the goods and services. The State Treasurer processes these warrants each day when presented to him by the Federal Reserve Bank or the local clearing banks. The deposits of State agencies in the short term investment portfolio are immediately available to the State agency, subject only to compliance with the State's budgetary laws. These deposits are recorded in the State Accounting System as Pooled Cash and are considered to be a special form of cash and cash equivalent. The State Treasurer's pool is larger than the Pooled Cash by the amount of warrants issued by the agencies but not yet presented for payment through the banking system.

Agency deposits to the accounts of the State Treasurer and deposits of the State Treasurer may be made in any bank, savings and loan association or trust company in the State approved by the State Treasurer. Depositories are required, in accordance with the rules in 20 NCAC 7 (North Carolina Administrative Code), to collateralize all balances of the State Treasurer which are not insured. Basically, these rules require that the bank maintain, as collateral in an escrow account established by the State Treasurer with a third-party bank, securities of a type enumerated in the rules, in an amount whose market value is not less than the amount of the time deposits and the average balance of demand deposits for the preceding quarter less the allowable deposit insurance on the deposits. Generally, rules require the securities to be governmental in origin (e.g., U.S. Treasury and U.S. agency obligations, or state and local government obligations) or the highest grade commercial paper and bankers' acceptances. Financial institutions generally may elect to collateralize State deposits separately (*Option 1*) or to include the deposits of North Carolina local government units in the same collateral pool with the State (*Option 2*). Financial institutions report only quarterly on bank balances and amounts deposited in escrow as collateralization of deposits. The State maintains no records of financial institution balances of local governments collateralized in the pool with State deposits. Since the amounts of local government deposits in Option 2 banks are not known, the State's risk of being undercollateralized at any given time is increased. Therefore, the institution's financial condition may cause the State Treasurer to require a particular institution to utilize Option 1 exclusively for the protection of each public depositor.

At June 30, 1993 the deposits maintained by the State Treasurer consisted of (expressed in thousands):

| | *Carrying Value* | *Bank Balance* |
|---|---|---|
| Demand | $ 51,394 | $ 67,763 |
| Time | 136,386 | 136,386 |
| Total Cash Pool | $187,780 | $204,149 |

Seventy-two percent of the balances in financial institutions were deposited under Option 2. Because the institutions complied with the collateralization policies and procedures described above, the State considers all of its deposits to be either insured or covered by collateral held by the State's agent.

In addition to the State's pooled deposits maintained by the State Treasurer, other deposits are maintained by certain State agencies and institutions. As a general rule, these de-

## NOTES TO THE FINANCIAL STATEMENTS

*DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS*

## NOTE 4: DEPOSITS AND INVESTMENTS (continued)

posits are not covered by the rules in 20 NCAC 7 requiring collateralization of uninsured State deposits.

At June 30, 1993 the deposits maintained by the State's agencies and institutions consisted of (expressed in thousands):

| | Carrying Value | Bank Balance |
|---|---|---|
| Demand | $ 19,972 | $ 27,403 |
| Time | 542,794 | 560,221 |
| Total Deposits | $562,766 | $587,624 |

Of these bank balances, $467.790 million was covered by federal depository insurance or by collateral held by the State's agent in the State's name, $62.902 million was covered under the State Treasurer's Option 2 collateral pool, $10.972 million was covered by collateral held in the pledging bank's trust department in the State's name and $45.960 million was uninsured and uncollateralized. In addition, the North Carolina Employment Security Commission had $1.450 billion on deposit with the U.S. Treasurer at June 30, 1993 This balance is shown on the Combined Balance Sheet as Deposit with Federal Government.

### Investments

All monies in the custody of the State Treasurer, regardless of source, are fully invested at all times. All investments are segregated in appropriate investment portfolios based on the purpose of the portfolio. Income generated by each portfolio is periodically distributed to the participants.

General Statutes 147-69.1(c) and 147-69.2 authorize the State Treasurer to invest in the following:

- Obligations of or fully guaranteed by the United States and the obligations of certain federal agencies;
- Repurchase agreements;
- Obligations of the State of North Carolina;
- Savings certificates issued by specified savings and loan associations;
- Certificates of deposit issued by specified banks;
- Shares of or deposits in specified savings and loan associations;
- Prime quality commercial paper bearing specified ratings;
- Bills of exchange or time drafts drawn on and accepted by specified commercial banks and eligible for use as collateral by member banks in borrowing from a Federal Reserve Bank;
- General obligations of other states in the United States;
- General obligations of cities, counties and special districts in North Carolina;
- Asset-backed securities (whether considered debt or equity) bearing specific ratings;
- Obligations of any company, other organization or legal entity bearing specified ratings;
- Notes secured by mortgages insured by the Federal Housing Administration or guaranteed by the Veterans Administration on real estate located within the State of North Carolina;
- Limited partnership interest in partnerships which are managed primarily for the purpose of investment in venture capital or corporate buyout transactions, not to exceed $30 million;
- Obligations or securities of the North Carolina Enterprise Corporation, or of a limited partnership in which the North Carolina Enterprise Corporation is the only general partner, not to exceed $20 million;
- With respect to the Retirement Systems' assets, in addition to all of the above, (a) certain insurance contracts, (b) group trusts, (c) individual, common or collective trust funds of banks and trust companies, (d) certain real estate investment funds, and (e) certain specified preferred or common stocks issued by a company incorporated within the United States.

The investment pool is accounted for on the full accrual basis. Interest and amortization on the scientific method are accrued on fixed income securities daily. Dividends are recognized as belonging to the State on ex-dividend date when the market recognizes the dividend as belonging to the holder on that date. Gains and losses on exchanges of fixed-income securities are deferred and amortized over the term of the reinvested security. Exchanges are the concurrent transfer out of a fixed income security with a transfer in of a fixed-income security of equal par value. Other gains and losses are recognized on the trade date at which the security is sold.

Fixed-income securities are maintained on the books and reported at amortized costs. Equity securities are maintained on the books and reported at cost. A security considered permanently impaired is revalued at market as of the time of the impairment.

The State's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the State's name.

## NOTES TO THE FINANCIAL STATEMENTS

**Pooled Investments.**

Pooled investments maintained by the State Treasurer at June 30, 1993 are (expressed in thousands):

| | Carrying Amount | Market Value |
|---|---|---|
| *Investments Categorized:* | | |
| *(All are Category 1)* | | |
| U.S. Government securities | $13,605,434 | $15,704,321 |
| Corporate bonds and notes | 5,280,391 | 5,871,197 |
| Corporate common stock | 5,119,547 | 7,039,463 |
| Repurchase agreements | 469,667 | 469,667 |
| International bonds | 664,695 | 772,717 |
| *Total Categorized* | 25,139,734 | 29,857,365 |
| *Investments Not Categorized:* | | |
| Certificates of deposit | 136,386 | 136,386 |
| Mutual funds | 5,000 | 5,071 |
| Equity common trusts | 1,159,907 | 1,375,394 |
| Venture capital investments | 26,953 | 28,316 |
| Real estate trust funds | 247,877 | 188,270 |
| *Total Not Categorized* | 1,576,123 | 1,733,437 |
| Total Pooled Investments | $26,715,857 | $31,590,802 |

The above certificates of deposit are a component of the deposit totals reported in the State Treasurer's deposit section of this note.

Through a safekeeping agent the State Treasurer lends, for a fee, securities from its investment fund when collateralized by cash or U.S. Treasury securities valued on a current basis at 102% of the value of the securities lent. Securities lent are not considered to have been sold nor have the securities received as collateral been considered to have been purchased. The net income from securities lending is distributed pro-rata to the participants of the portfolio from which the security came. At June 30, 1993, approximately 10.1% of the securities in the pool were on loan.

The State Treasurer occasionally sells call options against common stock owned to enhance total earnings of the Equity Investment Fund. The premiums received are maintained in investment inventory accounts until the option is repurchased in the market, exercised or expired. When the option is repurchased in the market, the position is closed and any resulting gain or loss is shown in the income accounts as supplemental income or loss on stock options written. When the option is exercised, the position is closed and the net premium received is used to increase the gain or reduce the loss realized on the sale of the underlying stock. When the option expires, the position is closed and the net premium on the option is shown in the income accounts as supplemental income from stock options written. At June 30, 1993, there were outstanding covered call transactions with an original net premium of $883,856 and a current market value of $950,063. The underlying shares had a book value of $28,482,056 and a market value of $40,684,000.

NOTES TO THE FINANCIAL STATEMENTS

*DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS*

## NOTE 4: DEPOSITS AND INVESTMENTS (continued)

**Investments.**

*Investments maintained by the various agencies and institutions* at June 30, 1993 (separate from those maintained by the State Treasurer, listed above) include the following (expressed in thousands):

| | Carrying Amount | | | | |
|---|---|---|---|---|---|
| | Category | | | Carrying | Market |
| | 1 | 2 | 3 | Amount | Value |
| ***Investments Categorized:*** | | | | | |
| U.S. Government securities | $ 97,830 | $ 64,198 | $ 6,459 | $ 168,487 | $ 173,375 |
| State and municipal securities | 700 | 770 | - | 1,470 | 1,602 |
| Corporate bonds | 56,889 | 23,062 | 796 | 80,747 | 83,312 |
| Corporate common stock | 60,297 | 23,777 | 14,361 | 98,435 | 212,614 |
| Repurchase agreements | 59,107 | - | 1,139 | 60,246 | 60,246 |
| Commercial paper | - | - | 985 | 985 | 985 |
| International corporate bonds | 15 | 1,033 | - | 1,048 | 1,125 |
| International government bonds | 2,912 | 3,588 | 44 | 6,544 | 6,819 |
| International equity securities | 5,988 | 281 | 49 | 6,318 | 7,318 |
| *Total Investments Categorized* | $ 283,738 | $ 116,709 | $ 23,833 | 424,280 | 547,396 |
| ***Investments Not Categorized:*** | | | | | |
| Certificates of deposits | | | | 82,603 | 81,710 |
| Investment agreements | | | | 63,152 | 63,152 |
| Bank investment contracts | | | | 180,481 | 180,481 |
| Money market funds | | | | 137,435 | 137,491 |
| Mutual funds | | | | 336,007 | 346,770 |
| Annuity contracts | | | | 184,454 | 184,454 |
| Real estate | | | | 14,143 | 14,143 |
| Limited partnerships | | | | 22,472 | 27,352 |
| Investments held by broker-dealers under reverse repurchase agreements: | | | | | |
| U.S. Government securities | | | | 75,096 | 77,697 |
| Other investments | | | | 6,666 | 6,759 |
| **Total Investments** | | | | $1,526,789 | $1,667,405 |

The above certificates of deposit, investment agreements and bank investment contracts are a component of the deposit totals reported in the deposits maintained by agencies section of this note.

## NOTE 5: RECEIVABLES

Components of the State's receivables at June 30, 1993 are (expressed in thousands):

| Funds | Accounts Receivable | Intergovern-mental Receivables | Investment Earnings | Contributions and Premiums | Other | Totals |
|---|---|---|---|---|---|---|
| *Governmental Funds:* | | | | | | |
| General | $ 414,582 | $ 352,986 | $ 7,122 | $ - | $ - | $ 774,690 |
| Special revenue | 87,944 | 70,333 | 4,831 | - | 4,837 | 167,945 |
| Capital projects | 170 | - | - | - | - | 170 |
| *Proprietary Funds:* | | | | | | |
| Enterprise | 64,916 | 6,362 | 6,247 | 4,825 | - | 82,350 |
| Internal service | 16,240 | 433 | 8 | - | - | 16,681 |
| *Fiduciary Funds:* | | | | | | |
| Expendable trust | 19,052 | - | 1,319 | 6,423 | - | 26,794 |
| Nonexpendable trust | 15 | - | 1,733 | - | - | 1,748 |
| Pension trust | 413 | - | 522 | 97,080 | - | 98,015 |
| Agency | 1,180 | - | 1,080 | 1,627 | - | 3,887 |
| *Total Fiduciary* | 20,660 | - | 4,654 | 105,130 | - | 130,444 |
| *University Funds:* | | | | | | |
| Current | 87,399 | 39,643 | 5,767 | - | - | 132,809 |
| Fiduciary | 598 | 719 | 1,007 | - | - | 2,324 |
| Plant | 380 | 109 | 1,293 | - | - | 1,782 |
| *Total University* | 88,377 | 40,471 | 8,067 | - | - | 136,915 |
| **Total Receivables** | $ 692,889 | $ 470,585 | $ 30,929 | $ 109,955 | $ 4,837 | $1,309,195 |

## NOTE 6: CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 1993 is presented below (expressed in thousands).

| Classification | Balance July 1, 1992 | Prior Year Adjustments | Transfers Between Assets | Transfers Between Funds | Additions | Deletions | Balance June 30, 1993 |
|---|---|---|---|---|---|---|---|
| Land | $ 188,664 | $ 786 | $ 1,668 | $ (1) | $ 1,905 | $ 257 | $ 192,765 |
| Buildings | 868,233 | 167 | 221,898 | 5,999 | 2,496 | 8,622 | 1,090,171 |
| Other structures and improvements | 54,046 | 404 | 2,621 | 1 | 4,151 | - | 61,223 |
| Machinery and equipment | 600,081 | 325 | (1,055) | (617) | 70,819 | 31,013 | 638,540 |
| Art, literature and other artifacts | 27,438 | 261 | - | - | 1,928 | 205 | 29,422 |
| Construction in progress | 302,475 | (1,834) | (225,132) | (21,912) | 89,580 | - | 143,177 |
| Total — General Fixed Assets | $2,040,937 | $ 109 | $ - | $(16,530) | $170,879 | $40,097 | $2,155,298 |

## NOTE 7: FIXED ASSETS—PROPRIETARY FUNDS AND UNIVERSITY FUNDS

A summary of proprietary funds' and university funds' fixed assets at June 30, 1993 is presented below (expressed in thousands).

| | Proprietary Funds | | University Funds |
|---|---|---|---|
| | *Enterprise* | *Internal Service* | *Plant* |
| Land | $ 14,329 | $ 3,435 | $ 71,741 |
| Buildings | 196,433 | 25,480 | 1,837,465 |
| Other structures and improvements | 23,494 | 20,800 | 93,371 |
| Machinery and equipment | 161,258 | 131,509 | 752,070 |
| Art, literature and artifacts | - | - | 429,094 |
| Construction in progress | 12,535 | 3,668 | 145,177 |
| Total Fixed Assets *(Gross)* | 408,049 | 184,892 | 3,328,918 |
| *Less:* Accumulated depreciation | 175,933 | 69,449 | - |
| Total Fixed Assets *(Net)* | $232,116 | $115,443 | $3,328,918 |

## NOTE 8: ACCUMULATED UNPAID VACATION AND SICK LEAVE

Full-time permanent, probationary and trainee employees earn vacation leave ranging from 0.98 to 2.15 days per month, depending upon years of service. Part-time employees earn the same range of leave on a pro-rata amount based on the number of hours a week they work. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is 30 days. At termination, employees are paid for any accumulated vacation leave. Full-time permanent, probationary and trainee employees earn sick leave at the rate of one day per month with an unlimited accumulation. Part-time employees earn a percentage of the total of 8 hours per month based on the number of hours a week they work. Employees are not paid for accumulated sick leave upon termination; however, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement. The contingent liability for accumulated sick leave has not been recorded in the accounts of the various funds. See Note 1 M.

The liability for accumulated unpaid vacation leave at June 30, 1993 is (expressed in thousands):

| Fund/Account Group | *Prior Years* | *1993 Additions (Deductions)* | *Total Liability* |
|---|---|---|---|
| Enterprise funds | $ 9,714 | $ (595) | $ 9,119 |
| Internal service funds | 1,668 | 75 | 1,743 |
| University funds | 63,601 | 2,497 | 66,098 |
| General long-term obligations account group | 121,518 | 8,468 | 129,986 |
| Total Vacation Leave Liability - All Funds and Account Groups | $196,501 | $10,445 | $206,946 |

## NOTE 9: CONSTRUCTION AND OTHER COMMITMENTS

At June 30, 1993, the State had commitments of approximately $593.6 million for construction of highway facilities. Other commitments of the State include $136.4 million for construction and improvements of State government facilities, $1.8 million in commitments to local governments and $81.0 million for construction contracts at universities. The following table discloses how future expenditures related to these facilities will be financed (amounts expressed in millions).

| **Sources of Financing:** | *General Government* | *Universities* | *Highway* |
|---|---|---|---|
| Bond proceeds | $ 98.4 | $ 51.0 | $ - |
| Federal aid | 0.7 | .6 | 325.8 |
| University revenues | - | 9.8 | - |
| Government services | 7.4 | - | - |
| Donations | .3 | .7 | - |
| Motor fuels taxes | - | - | 267.8 |
| Other sources | 10.3 | .6 | - |
| State appropriations | 21.1 | 18.3 | - |
| **Total Commitments** | $138.2 | $ 81.0 | $ 593.6 |

## NOTE 10: LEASE OBLIGATIONS—OPERATING AND CAPITAL

The State has entered into various operating and capital leases for office space and for office, communications, computer and other equipment. Any operating leases with scheduled rent increases are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. Future minimum lease commitments for noncancelable operating leases and capital leases as of June 30, 1993 are (expressed in thousands):

| | Capital Leases | | | Operating Leases |
|---|---|---|---|---|
| *Fiscal Year* | *General Long-Term Obligations* | *University Funds* | *Total* | *All Funds* |
| 1994 | $ 886 | $ 428 | $ 1,314 | $ 19,923 |
| 1995 | 503 | 428 | 931 | 12,582 |
| 1996 | 130 | 55 | 185 | 6,450 |
| 1997 | 62 | 28 | 90 | 3,450 |
| 1998 | - | - | - | 2,349 |
| Thereafter | - | - | - | 6,599 |
| **Total Future Minimum Lease Payments** | 1,581 | 939 | 2,520 | $ 51,353 |
| *Less:* Amounts Representing Interest | 115 | 86 | 201 | |
| **Present Value of Future Minimum Lease Payments** | $ 1,466 | $ 853 | $ 2,319 | |

## NOTE 11: LONG-TERM OBLIGATIONS

### A. Changes in Long-Term Liabilities

During the year ended June 30, 1993, the following changes occurred in liabilities reported in the general long-term obligations account group (expressed in thousands):

| | *Balance July 1, 1992* | *Accretion* | *Increases* | *Decreases* | *Balance June 30, 1993* |
|---|---|---|---|---|---|
| **General Obligation Bonds:** | | | | | |
| Public School Facility, Series A, 12-1-74 | $ 10,000 | $ - | $ - | $ 2,000 | $ 8,000 |
| Clean Water, Series A, 12-1-74 | 6,000 | - | - | 1,500 | 4,500 |
| Public School Facility, Series C, 6-1-76 | 15,500 | - | - | 3,500 | 12,000 |
| Clean Water, Series C, 6-1-76 | 7,500 | - | - | 1,500 | 6,000 |
| Public Improvement, 12-1-76 | 23,000 | - | - | 5,000 | 18,000 |
| Public Improvement, 6-1-77 | 14,000 | - | - | 4,000 | 10,000 |
| Public Improvement, 11-1-78 | 23,000 | - | - | 4,000 | 19,000 |
| Public Improvement Series 1979, 11-1-79 | 30,000 | - | - | 4,000 | 26,000 |
| Public Improvement Refunding, Series 1986, 7-1-86 | 142,415 | - | - | 14,905 | 127,510 |
| Clean Water, Series 1987, 6-1-87 | 33,500 | - | - | 3,000 | 30,500 |
| Capital Improvement, Series 1989, 5-1-89, 5-24-89 | 18,770 | 1,165 | - | 1,795 | 18,140 |
| Capital Improvement, Series A, 3-1-91 | 70,500 | - | - | 5,000 | 65,500 |
| Capital Improvement, Series 1991, 10-1-91 | 45,000 | - | - | 2,600 | 42,400 |
| Prison and Youth Services Facilities, Series A, 3-1-92 | 112,500 | - | - | 2,200 | 110,300 |
| Highway Refunding Series 1986, 7-1-86 | 118,695 | - | - | 31,640 | 87,055 |
| Total General Obligation Bonds | 670,380 | 1,165 | - | 86,640 | 584,905 |
| **Revenue Bonds:** | | | | | |
| Alcoholic Beverage Control Commission | 750 | - | - | 750 | - |
| Total Revenue Bonds | 750 | - | - | 750 | - |
| Total Bonds Payable | 671,130 | 1,165 | - | 87,390 | 584,905 |

## NOTE 11: LONG-TERM OBLIGATIONS (continued)

| | Balance July 1, 1992 | Accretion | Increases | Decreases | Balance June 30, 1993 |
|---|---|---|---|---|---|
| **Other Long-Term Obligations:** | | | | | |
| Long-term payables | 23,964 | - | 60,533 | 12,854 | 71,643 |
| Capital leases payable | 2,475 | - | 265 | 1,274 | 1,466 |
| Accrued vacation leave | 121,518 | - | 9,001 | 533 | 129,986 |
| Total General Long-Term Obligations | $ 819,087 | $ 1,165 | $ 69,799 | $ 102,051 | $ 788,000 |

### B. Long-Term Obligations—Other Funds

Long-term obligations of other funds at June 30, 1993 are (expressed in thousands):

| | Enterprise Funds |
|---|---|
| Revenue bonds payable (net of discount) | $ 883,181 |
| Other obligations: | |
| Notes payable | 770 |
| Claims payable | 8,371 |
| Interfund payables | 4,930 |
| Advance from General Fund | 22,131 |
| Total Long-Term Obligations — Other Funds | $ 919,383 |

The full faith, credit, and taxing power of the State has been pledged only for the payment of the principal of and the interest on the general obligation serial bonds and capital appreciation bonds. Other long-term debts of the State are payable solely from certain resources of the funds to which they relate.

### C. Bonds Authorized But Unissued

**Prison Bonds.** North Carolina voters in 1990 authorized the issuance of $200.0 million in Prison and Youth Services Facilities Bonds, Series A. The bond proceeds will be used for the purpose of financing the cost of renovation, reconstruction, construction, and the acquisition of land and equipment. Issuance of $112.5 million occurred on March 1, 1992. The balance of $87.5 million were issued on October 6, 1993, as described in Note 24.

### D. Capital Appreciation Bonds

**General Obligation Bonds.**
Capital Improvement Bonds, Series 1989, 5-1-89, 5-24-89, include capital appreciation bonds recorded in the amount of $18.140 million, which represents the accreted value of these bonds. The accumulated accretion for the capital appreciation bonds is $4.171 million since May 24, 1989.

**University Bonds.**
The University of North Carolina at Chapel Hill, Series 1992 Utility System and the Series 1991 U. S. Environmental Protection Agency Project bond issues include capital appreciation bonds with an ultimate maturity value of $97.5 million and $25.3 million, respectively. These bonds are recorded in the amounts of $20.2 million and $4.4 million, respectively, which is the accreted value at the year ended June 30, 1993. These bonds mature in the years from 2010 to 2021.

### E. Demand Bonds

**University Revenue Bonds.**
Included in university revenue bonds is a variable rate demand bond issue, Kenan Stadium 1988, at UNC-Chapel Hill, which totals $5,000,000 (in whole dollars) and matures in 2007. The bonds are special limited obligations of the University payable solely from the revenues pledged for the payment thereof. The proceeds of the bonds were used for certain additions and renovations to Kenan Memorial Stadium.

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the University's remarketing agent.

Under an irrevocable letter of credit issued by Wachovia Bank and Trust Company, N.A., the trustee is entitled to draw amounts sufficient to pay principal and interest on the bonds and the remarketing agent is entitled to draw amounts sufficient to pay the purchase price and the accrued interest on the bonds delivered to it for purchase. In the event that the bonds

cannot be remarketed, the letter of credit will provide necessary financing. The letter of credit is valid through November 15, 1994.

The University has entered into reimbursement agreements with Wachovia Bank in which it agreed to repay all amounts that are drawn under the letter of credit, which carries a variable interest rate. The University is required to pay an annual commitment fee for the letter of credit on the Kenan Stadium bonds of .62 of 1% of the stated amount of the line of credit in effect.

**N.C. Housing Finance Agency Bonds.**

Included in the agency's Multifamily Housing Revenue Bonds, 1983 Resolution, Series A, are demand bonds totaling $8.698 million which mature in 2026. The bond holders have the right to tender such bonds for payment at a price equal to the principal amount of $5,000 or any integral multiple thereof, plus accrued interest, on any July 1 with notice of at least 60 days prior thereto.

Under irrevocable letters of credit issued by Wachovia Bank and Trust Company, N.A., the trustee is entitled to draw amounts sufficient to redeem bonds tendered to the extent amounts then available in the related bond program are insufficient. The agency is required to pay a semi-annual fee for the letters of credit which equals .54 of 1% of the outstanding principal of such demand bonds.

## F. Debt Service Requirements

**Bonds Payable and Notes Payable**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds and revenue bonds, as well as on notes payable, outstanding at June 30, 1993 (expressed in thousands). Current and long-term principal requirements are disclosed for the enterprise funds.

***Debt Service Requirements:***

| | Bonds Payable | | | | | Notes Payable | |
|---|---|---|---|---|---|---|---|
| | | Enterprise Funds | | | | | |
| Fiscal Year | General Long-Term Obligations Account Group | N.C. Housing Finance | All Other Enterprise | Total Enterprise | University Funds | Enterprise Funds | University Funds |
| 1994 | $ 120,806 | $ 85,052 | $ 4,328 | $ 89,380 | $ 38,208 | $ 229 | $ 5,074 |
| 1995 | 108,121 | 84,469 | 5,136 | 89,605 | 39,677 | 96 | 8,547 |
| 1996 | 102,588 | 94,506 | 5,136 | 99,642 | 41,370 | 81 | 2,131 |
| 1997 | 79,322 | 82,432 | 5,030 | 87,462 | 41,071 | 80 | 2,629 |
| 1998 | 71,216 | 82,366 | 5,031 | 87,397 | 40,928 | 80 | 1,286 |
| 1999-2003 | 205,972 | 410,136 | 25,153 | 435,289 | 201,366 | 403 | 2,857 |
| 2004-2008 | 63,794 | 408,171 | 23,027 | 431,198 | 183,161 | 389 | 538 |
| 2009-2013 | 9,138 | 355,101 | 21,990 | 377,091 | 138,832 | - | 528 |
| 2014-2018 | - | 308,638 | 21,993 | 330,631 | 84,144 | - | 528 |
| 2019-2023 | - | 213,254 | 21,994 | 235,248 | 40,157 | - | 422 |
| 2024-2028 | - | 76,094 | 4,399 | 80,493 | - | - | - |
| 2029-2033 | - | 23,411 | - | 23,411 | - | - | - |
| 2034-2038 | - | - | - | - | - | - | - |
| Total requirements | 760,957 | 2,223,630 | 143,217 | 2,366,847 | 848,914 | 1,358 | 24,540 |
| Less: Interest requirements | (163,622) | (1,387,270) | (77,101) | (1,464,371) | (389,253) | ( 414) | ( 3,803) |
| Unamortized discount | (12,430) | - | (1,587) | (1,587) | ( 5,063) | - | - |
| Deferred charges | - | - | - | - | (10,677) | - | - |
| Underwriters fees | - | - | - | - | (55) | - | - |
| Total principal requirements | $ 584,905 | $ 836,360 | $ 64,529 | $ 900,889 | $ 443,866 | $ 944 | $ 20,737 |
| *Current portion* | | 17,197 | 511 | 17,708 | | 174 | |
| *Long-term portion* | | 819,163 | 64,018 | 883,181 | | 770 | |

NOTES TO THE FINANCIAL STATEMENTS

*DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS*

## NOTE 11: LONG-TERM OBLIGATIONS (continued)

### G. Arbitrage Rebate Payable

The State has incurred an arbitrage rebate liability in connection with general obligation and university revenue bonds sold in previous years. Arbitrage rebates payable at June 30, 1993, have been recorded (expressed in thousands) in the following funds:

| | |
|---|---|
| Capital projects funds | $ 100 |
| University funds | 261 |
| Total | $ 361 |

The State has five general obligation bond issues currently outstanding that are subject to the arbitrage rebate provisions, and may be subject to future arbitrage penalty payments.

### H. Bond Defeasances

**Appalachian State University.**

On May 25, 1993, Appalachian State University issued $17,760,000 in Appalachian State University Housing and Student Center System Revenue Bonds and Revenue Refunding Bonds, Series 1993, with an average interest of 5.02%. The refunding component of this bond issue was used to advance refund (defease) $2,010,000 of outstanding Appalachian State University Housing and Student Center System Revenue Bonds of 1978, Series K, with an average interest rate of 6.96%. The other component of this bond issue was used for the construction of a new dormitory and renovation of existing dormitories. Net proceeds of $17,404,800 (after bond discount of $355,200) resulted from the bond sale. Of the net proceeds amount, $2,070,300 was used to purchase U. S. Government securities. The purchased securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. For financial reporting purposes, the trust account assets and the liability for the defeased bonds are not included in the balance sheet. The university reduced its debt service requirements by $240,052 over the next 15 years and obtained an economic gain of $185,609. At June 30, 1993, the outstanding balance of the defeased bonds was $2,010,000.

**East Carolina University.**

On October 1, 1992, East Carolina University defeased $990,000 of outstanding Dormitory System Revenue Bonds of 1967, Series I and $815,000 of outstanding Student Union Revenue Bonds, Series 1987. Accumulated Dormitory System Revenue Bonds of 1967, Series I bond sinking fund monies of $1,023,555 were used to purchase U. S. Government securities. These securities were deposited to an irrevocable trust for a November 1, 1992 early redemption of the bonds. Accumulated Student Union Revenue Bonds, Series 1987 bond sinking fund monies of $888,145 were use to purchase U. S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future payments on these bonds. As a result of both transactions, these two bond issues were considered to be defeased and the liabilities for those bonds have been removed from the balance sheet. At June 30, 1993, the outstanding balance of the defeased bonds was $560,000 on the Student Union Revenue Bonds, Series 1987.

**University of North Carolina at Chapel Hill.**

On February 12, 1993 the University issued $108,455,000 of Utilities Systems Refunding Revenue Bonds, Series 1993 with a true interest cost of 5.22% to advance refund (defease) the University of North Carolina at Chapel Hill Utilities Systems Revenue Bonds, Series 1986 with an average interest rate of 7.43%. The net proceeds of $106,000,000 (after payment of $2.4 million in discount, underwriter's fees and issuance costs) were used to purchase United States Treasury Notes. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1986 Series through August 1, 1996 at which time all the outstanding bonds will be called and redeemed. For financial reporting purposes, the trust account assets and the liability for the defeased bonds are not included in the balance sheet. As a result of the advance refunding, the University reduced its total debt service requirements over the next 18 years by $11.6 million which resulted in an economic gain (the difference between the present value of debt service payments on the old and new debt) of $7.5 million. At June 30, 1993 the outstanding balance of the defeased bonds was $96,785,000.

**Current and Prior Year Activity.**

During the current and prior years, the State defeased certain general obligation and other bonds. For those defeasances involving advance refundings, the proceeds, and any securities purchased with the proceeds, were placed in an irrevocable trust with an escrow agent in an amount sufficient to provide for all future debt service payments on the refunded bonds. Since adequate funds have been placed with a trustee to pay fully the principal and interest of these bonds, the liabilities are not recorded in these financial statements. At June 30, 1993, the following outstanding bonds (expressed in thousands) are considered defeased:

| Defeased Bonds | Balance June 30, 1992 | Obligations Refunded | Obligations Matured/Called | Balance June 30, 1993 |
|---|---|---|---|---|
| **State of North Carolina** | | | | |
| Public School Facility, Series B,12-1-75 | $ 30,000 | $ - | $ 6,000 | $ 24,000 |
| Clean Water, Series B, 12-1-75 | 5,000 | - | 1,000 | 4,000 |
| Clean Water, Series 1983, 5-1-83 | 62,000 | - | 62,000 | - |
| Highway, 5-1-78 | 20,500 | - | 5,000 | 15,500 |
| Highway, 7-1-79 | 21,500 | - | 5,000 | 16,500 |
| Total — State of North Carolina | 139,000 | - | 79,000 | 60,000 |
| **University of North Carolina System** | | | | |
| *Appalachian State University:* | | | | |
| University Housing and Student Center System Revenue Bonds of 1978, Series K | - | 2,010 | - | 2,010 |
| *East Carolina University:* | | | | |
| Dormitory System Revenue Bonds of 1967, Series I | - | 990 | 990 | - |
| Student Union Revenue Bonds, Series 1987 | - | 815 | 255 | 560 |
| *North Carolina A&T University:* | | | | |
| Stadium System Student Fee Revenue Refunding Bonds, 2-2-89 | 1,660 | - | 1,660 | - |
| *University of North Carolina at Chapel Hill:* | | | | |
| University Enterprises (Carolina Inn) Revenue Bonds, Series 1968, 6-13-90 | 525 | - | 75 | 450 |
| Utilities Systems Revenue Bonds, Series 1986 | - | 96,785 | - | 96,785 |
| *North Carolina State University:* | | | | |
| Housing System Revenue Refunding Bonds of 1991, Series L, 3-6-91 | 4,625 | - | 4,518 | 107 |
| *University of North Carolina at Wilmington:* | | | | |
| Student Housing Complex, Series H, 5-1-91 | 2,740 | - | 2,740 | - |
| *Western Carolina University:* | | | | |
| Dormitory System Revenue and Revenue Refunding Bonds of 1991, Series G, 8-8-91 | 600 | - | 600 | - |
| Total — University of North Carolina System | 10,150 | 100,600 | 10,838 | 99,912 |
| **North Carolina Housing Finance Agency** | | | | |
| Single Family Housing Bonds (1980 Resolution), Series A | 31,350 | - | 31,350 | - |
| Home Mortgage Revenue Bonds (1981 Resolution), Series A | 3,485 | - | 3,485 | - |
| Multifamily Housing Revenue Bonds (1982 Resolution), Series A | 48,950 | - | 48,950 | - |
| Total — N.C. Housing Finance Agency | 83,785 | - | 83,785 | - |
| Total — All Defeased Bonds | $232,935 | $100,600 | $173,623 | $159,912 |

## I. Bond Redemptions/Extraordinary Losses

Provisions of bond series resolutions for the North Carolina Housing Finance Agency provide for various methods of redemption. Bonds will be redeemed at par from prepayments of mortgage loans securing the issue or from unexpended bond proceeds of the issues along with the related decreases in the respective debt service reserve requirements. In addition, various bond issues are redeemable at the option of the Agency at premiums ranging up to 10% during periods from 10 to 16 years after the date of issuance. All term bonds require mandatory sinking fund payments for their redemption.

The Agency called certain issues for redemption at par during the current year in the amount of $98.328 million. Losses on the redemptions of $1.945 million are recorded as extraordinary items in the financial statements, representing any redemption premium paid and the unamortized deferred bond issuance costs of the bonds redeemed.

## NOTE 12: RETIREMENT PLANS

The State administers six defined benefit public employee retirement systems (PERS) which are included in the State's financial statements as pension trust funds. In addition, it provides an optional retirement plan for certain university employees as well as a special separation allowance for eligible sworn law enforcement officers.

### A. Descriptions of Pension Plans

#### *1. TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM*

This plan is a cost-sharing multiple-employer public employee retirement system (PERS) established and administered by the State of North Carolina to provide pension benefits for employees of the State and local governments. Membership is comprised of employees of State agencies and institutions, teachers and employees of the local boards of education, university and community college faculty and employees, and state-employed law enforcement officers. At December 31, 1992, the number of participating local government employers was 195, as shown below:

| | |
|---|---|
| Local boards of education | 129 |
| Community colleges | 58 |
| Miscellaneous units | 8 |

The plan provides retirement benefits. After five years of creditable service, employees qualify for a vested deferred benefit. Employees who retire on or after age 65 and complete 5 years of membership service (age 55 and 5 years of creditable service for law enforcement officers), reach age 60 with 25 years of membership service, or complete 30 years of creditable service receive a retirement allowance of 1.70% of an average final compensation (based on the 4 consecutive years that produce the highest average) multiplied by the number of years of creditable service. Employees may retire with reduced retirement benefits if they reach age 50 with 20 years of creditable service or reach age 60 with 5 years of creditable service (age 50 with 15 years creditable service for law enforcement officers). The system is funded by a member contribution of 6% of compensation and by an employer contribution of 7.05% of covered payroll for the period January 1, 1992 through June 30, 1992, and 8.35% for the period July 1, 1992 through December 31, 1992, in addition to investment income. Benefit and contribution provisions are established by G.S. 135-5 and 135-8 and may be amended only by the North Carolina General Assembly.

The System does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the System.

#### *2. CONSOLIDATED JUDICIAL RETIREMENT SYSTEM*

This plan is a single-employer public employee retirement system (PERS) established and administered by the State of North Carolina to provide pension benefits for employees of the State Judicial System. Membership is comprised of judges, district attorneys and clerks of court. The system was created on January 1, 1985, by the merger of the former Uniform Judicial Retirement System, Uniform Solicitorial Retirement System, and the Uniform Clerks of Court Retirement System. The plan provides retirement, disability and death benefits. After five years of creditable service, employees qualify for a vested deferred benefit. Members who retire on or after age 65 and have completed 5 or more years of creditable service or have completed 24 years of creditable service regardless of age receive a retirement allowance of the rate specified below of final compensation multiplied by the number of years of creditable service (to a maximum of 75% of the member's final compensation). The rates for this computation are:

| | |
|---|---|
| 4.02% - | Justice of the Supreme Court; Judge of the Court of Appeals |
| 3.52% - | Judge of the Superior Court; Administrative Officer of the Courts |
| 3.02% - | Judge of the District Court; District Attorney; Clerk of the Superior Court |

Members may retire with reduced benefits after they reach age 50 and have 5 or more years of creditable service. The system is funded by a member contribution of 6% of compensation and an employer contribution of 25.22% for the period January 1, 1992 through June 30, 1992, and 24.03% for the period July 1, 1992 through December 31, 1992 of covered payroll, in addition to investment income. Benefit and contribution provisions are established by G.S. 135-57, 135-58, 135-68 and 135-69 and may be amended only by the North Carolina General Assembly.

The System does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the System.

### 3. *Legislative Retirement System*

This plan is a single-employer public employee retirement system (PERS) established and administered by the State of North Carolina to provide pension benefits for members of the General Assembly. The system came into existence on February 6, 1985.

This plan provides retirement and disability benefits. After five years of creditable service, employees qualify for a vested deferred benefit. Members who have attained 65 years of age and have five or more years of creditable service are eligible to receive a retirement allowance of 4.02% of highest compensation multiplied by the number of years of creditable service (to a maximum of 75% of the member's highest compensation). Members may retire with reduced benefits at age 60 with 5 or more years of creditable service. The benefit will not be payable while the member is employed in a position making him eligible to participate in either the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System or the Local Governmental Employees' Retirement System. The system is funded by a member contribution of 7% of compensation and an employer contribution of 30.30% of covered payroll for the period January 1, 1992 to December 31, 1992, in addition to investment income. Benefit and contribution provisions are established by G.S. 120-4.21, 120-4.19 and 120-4.20 and may be amended only by the North Carolina General Assembly.

The System does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the System.

### *Other State Administered Systems*

The State also administers the following pension and retirement systems for persons who are not considered employees of the State.

### 4. *Firemen and Rescue Squad Workers' Pension Fund*

This plan is a cost-sharing multiple-employer public employee retirement system (PERS) established and administered by the State of North Carolina to provide pension benefits for employees of local governments and volunteer fire departments and rescue squads organized as not-for-profit organizations. Membership is comprised of both volunteer and locally employed firemen and emergency medical personnel who elect membership. At June 30, 1992, there were 1,470 participating fire and rescue units. The State is a nonemployer contributor to the plan.

The plan provides retirement benefits. Members who retire on or after age 55 and have credit for 20 years of service as a fireman or rescue squad worker and have paid the maximum $1,200 in contributions receive $100 a month. Individuals with 20 years membership are considered vested. The plan is funded by a $5 monthly contribution by the member, investment income and a state appropriation. Benefit and contribution provisions are established by G.S. 58-86 and may be amended only by the North Carolina General Assembly.

### 5. *National Guard Pension Fund*

This plan is a single-employer public employee retirement system (PERS) established and administered by the State of North Carolina to provide pension benefits for members of the North Carolina national guard. The pension commences at age 60 for former members of the North Carolina national guard who have 20 or more years of military service, including at least 15 years of North Carolina national guard duty. The State is a nonemployer contributor to the plan. Benefits are $50 per month for the first 20 years of service and $5 per month for each additional year of service to a maximum of $100 per month. Individuals with 20 years membership are considered vested. The plan is funded by state appropriation and investment income. Benefit and contribution provisions are established by G.S. 127(a)-40 and may be amended only by the North Carolina General Assembly.

### 6. *Local Governmental Employees' Retirement System*

This plan is a cost-sharing multiple-employer public employee retirement system (PERS) established and administered by the State of North Carolina for employees of local governments. Membership is comprised of general employees and local law enforcement officers of participating local governmental entities.

At December 31, 1992, the number of participating local governments was 764, as shown below:

| | |
|---|---|
| Cities | 347 |
| Counties | 100 |
| Special districts | 317 |

The plan provides retirement benefits identical to the benefits that accrue to members of the Teachers' and State Employees' Retirement System (vesting and eligibility requirements are also the same). This plan also provides disability benefits for members with at least 5 years of creditable service who become totally and permanently disabled from performing their usual job. The system is funded by employee contributions of 6% and employer

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12: RETIREMENT PLANS (continued)

contributions at varying rates by the participating local governments. Employers contribute 5.10% of covered payroll for law enforcement officers and 4.63% for general employees and firemen for normal costs and various rates, which are established when the governments initially enter the system, for past service costs. The State's responsibility is administrative only. Benefit and contribution provisions are established by G.S. 128-27 and 128-30 and may be amended only by the North Carolina General Assembly.

The System does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the System.

The following table summarizes membership and covered payroll information by plan at the actuarial valuation date (dollar amounts expressed in thousands):

| | *Teachers' and State Employees'* | *Judicial* | *Legislative* | *Firemen, Rescue* | *National Guard* | *Local Government* |
|---|---|---|---|---|---|---|
| **Employee Groups** | | | | | | |
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 119,966 | 319 | 172 | 5,892 | 3,931 | 32,437 |
| Active Members: | | | | | | |
| Vested | 156,575 | 299 | 115 | 2,087 | 2,456 | 50,356 |
| Nonvested | 79,263 | 126 | 51 | 23,554 | 5,456 | 41,040 |
| **Employer** | | | | | | |
| Actual current-year covered payroll | $5,855,959 | $29,233 | $2,122 | N/A | N/A | $2,097,216 |
| **Date of Valuation** | *12-31-92* | *12-31-92* | *12-31-92* | *6-30-92* | *12-31-92* | *12-31-92* |

Substantially all State employees are covered by either the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or the Legislative Retirement System. The State's total current-year payroll, therefore, is substantially the same as its current-year covered payroll for each of these three retirement systems.

## B. Summary of Significant Accounting Policies and Plan Asset Matters

*BASIS OF ACCOUNTING*

The public employee retirement systems described above are considered part of the State of North Carolina reporting entity and are included in the State's financial reports as pension trust funds. The financial statements of these systems are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

*INVESTMENTS*

Pursuant to N.C. General Statutes, the State Treasurer is the custodian of the cash and investable assets of the retirement systems. The investments are made through the investment pool discussed in Note 4. The investable assets of the retirement systems are fully invested at all times. During the fiscal year there were no securities of the employers or related parties included in the assets of the pension trust funds.

The following schedule shows the amounts invested on behalf of the retirement systems in each fund and the approximate market value of those securities as of December 31, 1992 (expressed in thousands). For the Firemen and Rescue Squad Workers' Pension Fund the amounts invested and the approximate market value are shown as of June 30, 1992. The Long-Term Investment Fund invests in debt securities with most maturities between 7 and 30 years. The Equity Investment Fund invests in common and preferred stock and derivatives thereof. The Real Estate Investment Fund invests in shares of beneficial interest in various trusts. The Venture Capital Investment Fund invests in limited partnerships which in turn invest in corporate buyouts and in the securities of young growing companies.

| | Investments of Retirement Systems | | | | | |
|---|---|---|---|---|---|---|
| System | Long-Term Investment Fund | Equity Investment Fund | Real Estate Investment Fund | Venture Capital Investment Fund | Total Invested | Approximate Market Value |
| Teachers' and State Employees' | $11,863,748 | $4,875,236 | $193,891 | $22,716 | $16,955,591 | $19,995,539 |
| Consolidated Judicial | 87,371 | 35,664 | 1,329 | 166 | 124,530 | 146,033 |
| Legislative | 5,837 | 2,297 | 58 | 20 | 8,212 | 9,431 |
| Firemen and Rescue Squad Workers' | 61,294 | 24,702 | 1,046 | 115 | 87,157 | 101,160 |
| North Carolina National Guard | 10,202 | 4,056 | 96 | 19 | 14,373 | 16,533 |
| Local Governmental Employees' | 2,774,569 | 1,134,539 | 42,972 | 5,255 | 3,957,335 | 4,659,100 |
| Total Investments | $14,803,021 | $6,076,494 | $239,392 | $28,291 | $21,147,198 | $24,927,796 |
| Approximate Market Value | $16,486,969 | $8,230,741 | $179,446 | $30,640 | $24,927,796 | |

## C. Funding Status and Progress

The amount shown below in each retirement system as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the **actuarial present value of credited projected benefits** and is intended to help users assess Statewide PERS funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS. The actuarial present value of credited projected benefits measure is independent of and not directly related to the actuarial funding methods used to determine actual contributions to the systems.

The pension benefit obligation of each retirement system was determined as part of an independent actuarial valuation. The significant methods, assumptions, and results of the latest actuarial valuations, which are presented in the following schedules, were adjusted by the actuary to reflect changes which occurred within the systems during the year. Dollar amounts are expressed in thousands.

| | Teachers' and State Employees' | Judicial | Legislative | Firemen, Rescue | National Guard | Local Government |
|---|---|---|---|---|---|---|
| **Actuarial Assumptions** | | | | | | |
| Membership: | | | | | | |
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 119,966 | 319 | 172 | 5,892 | 3,931 | 32,437 |
| Active members: | | | | | | |
| Vested | 156,575 | 299 | 115 | 2,087 | 2,456 | 50,356 |
| Nonvested | 79,263 | 126 | 51 | 23,554 | 5,456 | 41,040 |
| Date of valuation | 12-31-92 | 12-31-92 | 12-31-92 | 6-30-92 | 12-31-92 | 12-31-92 |
| Rate of return on investment of assets | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% |
| Projected salary increase | Average of 6.25% | Average of 6.75% | Average of 7.5% | N/A | N/A | Average of 6.25% |
| **Pension Benefit Obligations** | | | | | | |
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | $6,797,699 | $56,160 | $2,987 | $57,415 | $18,065 | $1,381,778 |
| Active members: | | | | | | |
| Accumulated employee contributions | 3,687,423 | 16,811 | 1,201 | 12,684 | N/A | 978,763 |
| Employer-financed: | | | | | | |
| Vested | 1,794,243 | 25,623 | 3,372 | 13,597 | 7,456 | 279,940 |
| Nonvested | 4,223,074 | 40,240 | 445 | 13,837 | 3,720 | 1,061,131 |
| **Total Pension Benefit Obligation** | **16,502,439** | **138,834** | **8,005** | **97,533** | **29,241** | **3,701,612** |
| Net assets available for benefits, at cost | 17,039,908 | 125,804 | 8,476 | 87,265 | 15,636 | 3,986,769 |
| Unfunded (assets in excess of) Pension Benefit Obligation | $ (537,469) | $13,030 | $(471) | $10,268 | $13,605 | $(285,157) |
| Market value of net assets available for benefits (at valuation date) | $20,079,855 | $147,306 | $9,695 | $101,279 | $17,795 | $4,688,533 |

The net assets available for benefits of each retirement system are comprised of an Annuity Savings Fund and a Pension Accumulation Fund. The Annuity Savings Fund is the fund to which are credited contributions made by members together with interest thereon. When a member retires, the amount of his/her accumulated contributions is transferred from the Annuity Savings Fund to the Pension Accumulation Fund. The Pension Accumulation Fund is the fund to which the contributions made by employers are credited and from which are paid all benefits on account of beneficiaries and their dependents.

The following table presents the asset balances of the Annuity Savings Fund and the Pension Accumulation Fund for each plan (expressed in thousands).

| | *Teachers' and State Employees'* | *Judicial* | *Legislative* | *Firemen, Rescue* | *National Guard* | *Local Government* |
|---|---|---|---|---|---|---|
| Annuity Savings Fund | $3,687,423 | $16,811 | $1,453 | $12,684 | $ - | $ 978,763 |
| Pension Accumulation Fund | 13,352,485 | 108,993 | 7,023 | 74,581 | 15,636 | 3,008,006 |
| Net assets available for benefits, at cost | $17,039,908 | $125,804 | $8,476 | $87,265 | $15,636 | $3,986,769 |

## D. Contributions Required and Contributions Made

The funding policy of these public employee retirement systems provides for periodic employer and non-employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets needed to pay benefits when due. The actuarially determined contribution rates below represent minimum future funding requirements as of the valuation date. The actual contributions made and related percentages were based on prior actuarial valuations. The State's portion of the actuarially determined contribution requirement for the Firemen and Rescue Squad Workers' Pension Fund was 100% of the total current-year actuarially determined contribution requirements. Significant actuarial assumptions used to compute the contribution requirements below are the same as those used to compute the standardized measure of pension obligation for the period. Dollar amounts are expressed in thousands.

| | Teachers' and State Employees' | | Consolidated Judicial | | Firemen and Rescue Squad Workers' |
|---|---|---|---|---|---|
| | 1-1-92 to 6-30-92 | 7-1-92 to 12-31-92 | 1-1-92 to 6-30-92 | 7-1-92 to 12-31-92 | 7-1-91 to 6-30-92 |
| Recommended Employer Contribution Rates: | | | | | |
| Normal | 4.68% | 5.08% | 14.82% | 14.75% | $2,117 |
| Unfunded actuarial accrued liability | 2.37% | 3.27% | 9.85% | 8.75% | 3,201 |
| Death benefit | - % | - % | 55% | 53% | - |
| Total | 7.05% | 8.35% | 25.22% | 24.03% | $5,318 |
| Unfunded actuarial accrued liability liquidation period | 9 years [1] | | 12 years [3] | | 9 years [1] |
| Valuation method [*] | | | | | |
| Actual Contributions Made: | Employer | Employees | Employer | Employees | State / Employees |
| Amount | $209,883 | $178,624 | $3,678 | $875 | $5,318 / $1,338 |
| Percentages of covered payroll | 7.05% | 6.00% | 25.22% | 6.00% | N/A / N/A |
| Period covered | 1-1-92 to 6-30-92 | | 1-1-92 to 6-30-92 | | 7-1-91 to 6-30-92 |
| Actual Contributions Made: | | | | | |
| Amount | $240,388 | $172,734 | $3,520 | $879 | |
| Percentages of covered payroll | 8.35% | 6.00% | 24.03% | 6.00% | |
| Period covered | 7-1-92 to 12-31-92 | | 7-1-92 to 12-31-92 | | |

| | Legislative | | National Guard | | Local Governmental Employees' | |
|---|---|---|---|---|---|---|
| | 1-1-92 to 6-30-92 | 7-1-92 to 12-31-92 | 1-1-92 to 6-30-92 | 7-1-92 to 12-31-92 | 1-1-92 to 6-30-92 | 7-1-92 to 12-31-92 |
| Recommended Employer Contributions/Rates: | | | | | | |
| Normal | 21.00% | 21.50% | $149 | $143 | 4.63% or 5.10% | 4.63% or 5.10% |
| Unfunded actuarial accrued liability | 9.30% | 6.40% | 904 | 919 | 0% to 17.05% | 0% to 17.05% |
| | - | - | - | - | | |
| Total | 30.30% | 27.90% | $1,053 | $1,062 | 4.63% to 22.15% | 4.63% to 22.15% |
| Unfunded actuarial accrued liability liquidation period | 1 year [4] | | 12 years [1] | | 0 to 24 years [2] | |
| Valuation method [*] | | | | | | |
| Actual Contributions Made: | Employer | Employees | State | Employees | Employer | Employees |
| Amount | $323 | $75 | $1,053 | N/A | $114,464 | $125,833 |
| Percentages of covered payroll | 30.30% | 7.00% | N/A | N/A | 5.46% | 6.00% |
| Period covered | 1-1-92 to 6-30-92 | | 1-1-92 to 6-30-92 | | 1-1-92 to 12-31-92 | |
| Amount | $320 | $74 | $1,062 | N/A | | |
| Percentages of covered payroll | 30.30% | 7.00% | N/A | N/A | | |
| Period covered | 7-1-92 to 12-31-92 | | 7-1-92 to 12-31-92 | | | |

[*] Legend of Valuation Methods:

1. Entry age actuarial cost method. Gains and losses are reflected in the unfunded actuarial accrued liability.
2. Aggregate actuarial cost method.
3. Projected unit credit actuarial cost method. Gains and losses are reflected in the unfunded actuarial accrued liability. Term cost for lump sum benefits.
4. Projected unit credit cost method with service prorata. Benefits at normal retirement date are projected using salary increase assumptions. The actuarial liability is computed by using member service to date and attributing an equal benefit amount to each year of credited and expected future service.

## NOTE 12: RETIREMENT PLANS (continued)

### E. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. GASB Statement No. 5 requires three-year trend information using the standardized measure of the pension obligation. Public employee retirement systems must also present ten-year trend data on specified fund information. This information is disclosed in the Required Supplementary Information section following these Notes to the Financial Statements. In accordance with GASB Statement No. 5, employers contributing to public employee retirement systems must present the following trend information:

- *Net Assets (based upon cost) Available For Benefits*, expressed as percentages of the pension benefit obligation applicable to the entities' employees. Analysis of this percentage over time indicates whether the retirement system is becoming financially stronger or weaker.
- *Unfunded Pension Benefit Obligation*, expressed as percentages of annual covered payroll. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes.
- *Employer Contributions* expressed as percentages of annual covered payroll. For the State sponsored plans included in this report, these contributions were made in accordance with actuarially determined requirements.

The following table presents the required trend information.

| Retirement System | Calendar Year | Net Assets Available for Benefits as a Percentage of Pension Obligation | Unfunded (Assets in Excess of) Pension Benefit Obligation as a Percentage of Covered Payroll | Employer Contributions as a Percentage of Actual Covered Payroll | |
|---|---|---|---|---|---|
| Teachers' and State Employees' | 1992 | 103.26% | (9.18)% | 7.05% | 1-1-92 to 6-30-92 |
| | | | | 8.35% | 7-1-92 to 12-31-92 |
| | 1991 | 100.65% | (1.76)% | 7.07% | |
| | 1990 | 103.48% | (8.67)% | 9.35% | |
| Consolidated Judicial | 1992 | 90.61% | 44.57% | 25.22% | 1-1-92 to 6-30-92 |
| | | | | 24.03% | 7-1-92 to 12-31-92 |
| | 1991 | 85.09% | 68.81% | 25.27% | |
| | 1990 | 81.65% | 84.94% | 29.71% | |
| Legislative | 1992 | 105.88% | (22.20)% | 30.30% | |
| | 1991 | 96.37% | 13.11% | 38.60% | 1-1-91 to 6-30-91 |
| | | | | 30.30% | 7-1-91 to 12-31-91 |
| | 1990 | 92.56% | 26.50% | 37.20% | 1-1-90 to 6-30-90 |
| | | | | 38.60% | 7-1-90 to 12-31-90 |
| Firemen and Rescue *[1]* | 1992 | 89.47% | Not applicable | N/A | |
| | 1991 | 86.67% | Not applicable | N/A | |
| | 1990 | 82.53% | Not applicable | N/A | |
| National Guard | 1992 | 53.47% | Not applicable | N/A | |
| | 1991 | 47.73% | Not applicable | N/A | |
| | 1990 | 43.23% | Not applicable | N/A | |
| Local Government | 1992 | 107.70% | (13.60%) | 5.46% | |
| | 1991 | 107.54% | (12.78%) | 5.54% | |
| | 1990 | 108.83% | (14.29%) | 5.62% | |

Contributions were made in accordance with actuarially determined contribution requirements except for the State's contribution to the Firemen and Rescue Squad Workers' Pension Fund in 1991. The State's actual contribution of $5.318 million was less than the recommended contribution of $5.404 million due to the reversion of $86 thousand to the State's General Fund to offset budget shortfalls during the fiscal year ended June 30, 1991.

*[1]* - Fiscal year ended June 30

## F. Optional Retirement Plan

The Optional Retirement Program (Program) is a defined contribution retirement plan which provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Faculty and administrators with faculty rank in State universities may join the Program instead of the Teachers' and State Employees' Retirement System.

Benefits are provided by means of contracts issued by the privately-operated Teachers' Insurance and Annuity Association and the College Retirement Equities Fund (TIAA/CREF), Valic, and Lincoln National Life Insurance Company. Participants' eligibility and contributory requirements are established in G.S. 135-5.1. Participants contribute 6% of compensation and the university contributes 6.46%. The State assumes no liability other than the universities' contributions. The State contributed $22,093,586 for the 1992-93 fiscal year. Annual covered payroll was $342,005,979 and employer contributions expressed as a percentage of annual covered payroll was 6.46% for the fiscal year ended June 30, 1993. Employee contributions expressed as a percentage of annual covered payroll was 6%, with an actual employee contribution of $20,520,359 for the 1992-93 fiscal year.

Participants are vested after five years of service, but the company must return the value of the State's contributions to the State if termination occurs prior to five years of service. The participant chooses his/her own investment products with the company of choice.

## G. Special Separation Allowance

The State provides a special separation allowance, a single employer defined benefit pension plan, for sworn law enforcement officers as defined by G.S. 135-1(11b) or G.S. 143-166.30(a)(4) that were employed by State agencies and institutions and have retired on a basic service retirement under the provisions of G.S. 135-5(a). To qualify for the allowance, each retired officer must: (1) have completed 30 or more years of creditable service or have attained 55 years of age and completed five or more years of creditable service; and (2) not have attained 62 years of age; and (3) have completed at least five years of continuous service as a law enforcement officer immediately preceding a service retirement. Each eligible officer is paid an annual separation allowance equal to .85% of the officer's most recent base rate of compensation for each year of creditable service. For the fiscal year ended June 30, 1993, the State paid $3,576,888 to 378 retired law enforcement officers. These benefits are funded on a pay-as-you-go basis. Funds for this allowance are appropriated annually in the budget of each agency that has eligible, retired law enforcement officers. These benefits are established in G.S. 143-166.41 and may be amended only by the General Assembly.

# NOTE 13: DEFERRED COMPENSATION PLANS

*IRC Section 457 Plan* - The State of North Carolina offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits each participating employee to defer a portion of his or her salary until future years. The deferred compensation is available to employees upon separation from service, death, disability, retirement or due to financial hardships if approved by the Board of Trustees of the plan. The benefits distributed to employees were exempt from all state income taxes in North Carolina through December 31, 1988. Benefits distributed to employees on or after January 1, 1989 are subject to state income taxes in North Carolina. Employee contributions totaled $23,111,115 and 12,149 employees contributed to the plan during the calendar year ended December 31, 1992. All costs of administering and funding the plan are the responsibility of the plan participants. All amounts ($268.9 million at December 31, 1992 - audited), property and rights derived from deferred compensation and income earned on the deferred compensation are, until paid or made available to the employee or other beneficiary, solely the property and rights of the State of North Carolina, subject only to the claims of the State's general creditors. The State believes that it is very unlikely that it will use these assets to satisfy the claims of general creditors in the future.

*IRC Section 401(k) Plan* - Effective January 1, 1985 Chapter 135, Article 5 of the North Carolina General Statutes authorized the creation of the Supplemental Retirement Income Plan of North Carolina in accordance with Internal Revenue Code Section 401(k). All members of the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, Legislative Retirement System, Local Governmental Employees' Retirement System and University Optional Retirement Program are eligible to elect to enroll in this plan. Members of the plan may receive their benefits upon retirement, disability, termination, hardship, or death. All costs of administering the plan are the responsibility of the plan participants. As of December 31, 1992, the plan administrator reported audited assets on hand of $491.0 million.

Effective January 1, 1985, G.S. 143-166.30 authorized the creation of a Supplemental Retirement Income Plan, a defined contribution 401(k) pension plan, for the benefit of all law enforcement officers employed by the State. In a defined contribution plan, benefits depend solely on amounts

## NOTE 13: DEFERRED COMPENSATION PLANS (Continued)

contributed to the plan plus investment earnings. Participation begins at the date of employment. The State is required to contribute monthly to the individual accounts of participants an amount equal to 5% of each officer's monthly salary. The State is also required to contribute to the individual accounts of all officers on a per capita basis in equal shares, $.50 for each court cost assessed and collected under G.S. 7A-304. Law enforcement officers may also make voluntary contributions to the plan not to exceed 9% of their compensation within any calendar year. All contributions are immediately vested in the name of each participant.

Total payroll and current-year covered payroll were substantially the same for law enforcement officers employed by the State and amounted to $98,288,584 for the year ended December 31, 1992. The State made the required 5% contribution, amounting to $4,914,429. In addition, the State contributed $.50 for each court cost assessed and collected, totaling $487,675 for the year ended December 31, 1992.

*IRC Section 403(b) and 403(b)(7) Plans* - All permanent university employees who work at least half-time, except student employees who are exempt from FICA withholding, can participate in tax-sheltered annuity plans and mutual funds created under Internal Revenue Code Sections 403(b) and 403(b)(7). The employees' eligible contributions, made through salary reduction agreements, are exempt from federal and state income taxes until the accumulated balances are received or the contributions are withdrawn. Effective January 1, 1989, contributions may be withdrawn by employees only upon separation from service, death, disability, reaching age 59½ or age 55 with qualifying retirement, or due to certain financial hardships. Currently, there are no restrictions on the withdrawal of the value of the accounts as of December 31, 1988. These plans are exclusively for employees of universities and certain charitable and other non-profit institutions. All costs of administering and funding these plans are the responsibility of the plans' participants. No costs are incurred by the State.

## NOTE 14: OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, State statutes require that the State provide certain other postemployment benefits (OPEB) to its retired employees, disabled employees, and eligible terminated employees. The State provides health care to the retirees; term life insurance (death benefits) to employees for up to 180 days from date of termination of employment or date of retirement; disability income, health care and term life insurance (death benefits) to those individuals on long-term disability; and hospital benefits as well as death benefits to eligible former law enforcement officers. All of the postemployment benefit activities are reported in the enterprise funds - N.C. Teachers' and State Employees' Benefit Trust Fund and Disability Income Plan of N.C., except for the funding of the health care for long-term disability beneficiaries and retirees which is accounted for in the Retirees' Health Premium Clearing Account and the Reserve for Retirement Health Premiums Account within the General Fund.

### A. Health Care for Long-Term Disability Beneficiaries and Retirees

The State provides health care to all permanent full-time state employees, teachers and community colleges' employees; permanent part-time employees who work 30 or more hours per week for nine or more months per calendar year; retired North Carolina public school teachers, community colleges' employees and State employees with five or more years of contributory membership service in a state supported retirement system; former employees with five or more years of retirement membership service who are receiving disability retirement benefits; members of the General Assembly; employees on leave of absence with pay; and surviving spouses of deceased active or retired teachers, state employees, community colleges' employees and members of the General Assembly who are receiving a survivor's alternate benefit under any of the State-supported retirement programs provided the death of the former Plan member occurred prior to October 1, 1986. The State provides health care to Local Education Agencies (LEAs) and community colleges even though they are not part of the reporting entity. Those employees who are eligible to receive health care as an other postemployment benefit are long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of the Teachers' and State Employees' Retirement System (TSERS), the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), and the University Employees' Optional Retirement Program (UEORP) with five or more years of contributory membership service in the Retirement System prior to disability or retirement. They are eligible to participate in either the self-funded Comprehensive Major Medical Plan (Plan) or one of six Health Maintenance Organization (HMO) plans. The health benefit provided by the State becomes the secondary coverage when a retiree becomes eligible for Medicare.

The Plan pays most expenses which are medically necessary and eligible for coverage based on usual, customary and reasonable (UCR) allowances. Claims are subject to specified annual deductible and copayment requirements. The Plan pays 80% of allowable claims and the participants pay the remaining 20%. The copayment amount is limited to $1,000 maximum per person per fiscal year. The deductible does not apply to the annual copayment maximum. Once the participant reaches the maximum copayment, the Plan reimburses covered expenses at 100% of the UCR allowance. Participants' visits to the physician offices, home or skilled nursing facilities are subject to a separate copayment per visit. Emergency room visits and hospital admissions are also subject to separate copayments. These separate copayments do not apply to the deductible or the regular copayment maximum. Prescription drug benefits which are covered by the Plan are also subject to the specified annual deductible and the 20% coinsurance. The Plan's allowable cost for prescription drugs is 90% of the Average Wholesale Prices minus a specific drug copayment per prescription for brand drugs with a generic equivalent. No specific drug copayment is applied to generic drugs or brand drugs without a generic equivalent. The Plan disallows claims in excess of a lifetime maximum of $1,000,000.

The funding for the health care benefit for long-term disability beneficiaries and retirees is financed on a pay-as-you-go basis. These health care benefits are funded by employer contributions which are established in the Appropriation Bill by the General Assembly. The State, LEAs and community colleges contributed monthly 2.0% of active employees' salaries to the Retirees' Health Premium Clearing Account. At the end of each month, the contributions are then transferred to the Reserve for Retirement Health Premium Account which funds the health coverage for long-term disability beneficiaries and retirees. The Reserve for Retirement Health Premium Account pays the full cost of coverage for long-term disability beneficiaries and retirees enrolled in the Plan and makes similar contributions for long-term disability beneficiaries and retirees enrolled in the HMO plans. Long-term disability beneficiaries and retirees pay for the additional cost of HMO coverage in excess of the State's contribution and for the entire cost of coverage for their spouses and dependents. For the fiscal year ended June 30, 1993, the State paid $1,320.96 for each Medicare-eligible long-term disability beneficiary and retiree and $1,735.20 for each non-Medicare-eligible long-term disability beneficiary and retiree. The Re-

serve for Retirement Health Premium Account had net assets of $79,375,862 at June 30, 1993. The net assets are available for future benefit payments. Expenditures identified below represent State contributions to the Reserve for Retirement Health Premium Account.

**For the fiscal year ended June 30, 1993:**

| | TSERS and DIPNC | CJRS | LRS | UEORP |
|---|---|---|---|---|
| Number of State participants currently eligible to receive benefits | 29,117 | 216 | 97 | 166 |
| Expenditures | $50,674,760 | $585,515 | $42,827 | $6,765,232 |

These benefits are established by Part 3 of Article 3 of Chapter 135 of the General Statutes and may be amended only by the North Carolina General Assembly.

## B. Term Life Insurance (Death Benefits) for Long-Term Disability Beneficiaries and Retirees

Term life insurance (death benefits) is provided to all members of the Teachers' and State Employees' Retirement System (System), which includes State employees, teachers and community college employees, who have completed at least one full calendar year of membership in the System through the Death Benefit Plan (Benefit Plan), a State-administered plan. Lump sum death benefits are provided as an other postemployment benefit to employees (1) who are beneficiaries of the Disability Income Plan of N. C. at the time of death, or (2) who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death. The benefit payment is equal to the greater of (1) the compensation on which contributions were made by the member during the calendar year preceding the year in which his/her death occurs or (2) the member's highest twelve months salary in a row during the twenty-four months prior to his/her death. The benefit is subject to a minimum of $25,000 and to a maximum of $50,000.

Term life insurance (death benefits) is advance-funded on an actuarially determined basis using the one-year term cost method, which utilizes actuarial assumptions of mortality. Death benefits are funded by employer contributions which are established in the Appropriation Bill by the General Assembly. The State, Local Education Agencies and community colleges contributed 0.16% of active employees' salaries to fund the Benefit Plan for the calendar year ended December 31, 1992. The contributions cannot be separated between the amounts which relate to other postemployment benefits and employee benefits for active employees.

At December 31, 1992, the Benefit Plan had 2,165 members who were currently eligible to receive term life insurance as an other postemployment benefit out of a total of 204,711 active plan participants. The total of active plan participants and the total members currently eligible for other postemployment benefits do not include those employees who have terminated employment within 180 days.

At December 31, 1992, the Benefit Plan had net assets of $42,887,720 which are available for future other postemployment benefits and benefits for active eligible employees. The book (cost) method was used to value the assets of the Benefit Plan. The market value at December 31, 1992 of the net assets for the Benefit Plan was $47,774,037.

Based on the one-year term cost method, the actual contribution made to the Benefit Plan along with the net assets are sufficient to cover claims. For the calendar year ended December 31, 1992, the total death benefit payments were $13,338,202. Death benefits payments are expensed when paid, but the postemployment portion of these payments cannot readily be separated. No claims benefit payable is booked for incurred but not reported death benefit claims.

**For the calendar year ended December 31, 1992:**

| | |
|---|---|
| Actuarially required contribution | $3,974,020 |
| Actual contribution made | $3,974,020 |

These benefits are established by G.S. 135-5(l) and may be amended only by the North Carolina General Assembly.

## C. Disability Income

Short-term and long-term disability benefits are provided to the eligible members of the Teachers' and State Employees' Retirement System, which includes State employees, teachers and community colleges' employees, and the University Employees' Optional Retirement Program through the Disability Income Plan of North Carolina (Disability Income Plan), a State-administered plan. Long-term disability benefits are payable as an other postemployment benefit from the Disability Income Plan after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina (Retirement System) or the University Employees' Optional Retirement Program earned within ninety-six months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation pay-

ments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time teacher, community college employee or State employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

The monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period as may be adjusted for percentage increases, plus 65% of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible, to a maximum of $3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than $10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from the Disability Income Plan will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System or the University Employees' Optional Retirement Program.

Long-term disability income benefits are advance-funded on an actuarially determined basis using the one-year term cost method. Disability income benefits are funded by employer contributions which are established in the Appropriations Bill by the General Assembly. The State, Local Education Agencies and community colleges contributed 0.42% of active employees' salaries to fund the disability benefits for the calendar year ended December 31, 1992. The contributions cannot be separated between the amounts which relate to other postemployment benefits and employment benefits for active employees.

At December 31, 1992, the Disability Income Plan had 1,553 members who were currently eligible to receive disability benefits as an other postemployment benefit out of a total of 204,711 active plan participants. Included in the number of members currently eligible to receive other postemployment benefits are those individuals who are receiving extended short-term disability benefit payments.

Based on the one-year term cost method, the Disability Income Plan had actuarial claim liabilities for long-term disability benefits of $116,972,008 which represents the present value of future claim payments the Plan is obligated to make to members disabled as of December 31, 1992. The claim liabilities are separated into the following two classifications: (1) approved claim liabilities are for long-term disabilities which have occurred, have been approved, and are in long-term payment status as of December 31, 1992; and (2) incurred but not reported (IBNR) liabilities are for disabilities which have occurred but are not in payment status as of December 31, 1992. The IBNR liabilities are estimated based on the historical claims experience of the Disability Income Plan. The net assets of the Disability Income Plan at December 31, 1992, were valued at cost (book) for $101,520,449, creating a deficit of $15,451,559. The market value of the net assets for the Disability Income Plan at December 31, 1992 was $112,552,266. The net assets are available for future other postemployment benefits and benefits for active eligible employees.

**For the calendar year ended December 31, 1992:**

| | |
|---|---|
| Rate of return on investments assumption | 7.5% |
| Projected salary increase assumption | 6.0% |
| Projected social security benefits increase assumption | 4.0% |
| Social security approval rate assumption | 75.0% |
| Actuarially required contribution | $11,790,415 |
| Actual contribution made | $11,790,415 |

These benefits are established by Article 6 of Chapter 135 of the General Statutes and may be amended only by the North Carolina General Assembly.

## D. Group Life Insurance (Death Benefit) and Hospital Benefits for Former Law Enforcement Officers

The Separate Insurance Benefits Plan (Plan), a State-administered plan, provides accident and sickness disability insurance benefits; group life insurance benefits; and an accidental line of duty insurance death benefit to all full-time law enforcement officers of the State and any of its political subdivisions who have the full power of arrest with the primary duty of enforcing criminal laws on public property, as well as eligible former law enforcement officers.

At December 31, 1992, the State had 899 former law enforcement officers eligible for postemployment death and hospital benefits out of a total of 19,713 Plan members. Former full-time law enforcement officers of the State who had the full power of arrest with the primary duty of enforcing criminal laws on public property are eligible to receive benefits from the Plan if they (1) had twenty or more years of

service as an officer; or (2) are in receipt of a disability retirement allowance from any State-administered retirement system; or (3) are in receipt of long-term disability benefits from the Disability Income Plan of North Carolina. The group life insurance benefit is equal to $4,000. The hospital benefits equal $140 a week if an eligible employee is under age 65, and $105 a week if an eligible employee is over age 65, and in the hospital because of an accident.

The group life insurance benefits are advance-funded on an actuarially determined basis using the one-year term cost method, which utilizes actuarial assumptions of mortality. The hospital benefits are not advance-funded on an actuarially determined basis. The State is not liable for any expenses for this Plan since the death and hospital benefits are funded by $1 per case cost-of-court assessment in the criminal cases, except in cases of dismissal, disposed of in the courts of North Carolina. The $1 fee was established by the General Assembly and also funds group life insurance and accident/sickness benefits for active employees. The cost-of-court assessment collected for the calendar year ended December 31, 1992 was $973,152. The fees collected cannot be separated between the amounts which relate to other postemployment benefits and employee benefits for active employees

At December 31, 1992, the Plan had net assets at cost (book) of $17,769,214. The market value at December 31, 1992 of the net assets was $19,792,623. If the net assets available are insufficient at any time to pay benefits due in full, then an equitable graded percentage of the payment will be made. The net assets are available for future other postemployment benefits and benefits for active eligible employees.

For the calendar year ended December 31, 1992, regular death benefit payments were $316,000. The death benefits payments are expensed when paid, but the postemployment portion of these payments cannot be readily separated. No claims benefit payable is booked for incurred but not reported death benefit claims.

For accident/sickness disability insurance benefit, the Plan contracts with ITT Hartford to process claims on an October 1 to September 30 policy year. ITT Hartford pays all claims, maintains a claim reserve and retains a fee for its service. At the end of the policy year, ITT Hartford refunds the remaining amount to the Plan. For the calendar year ended December 31, 1992, the Plan made contract payments of $404,955 and was refunded $217,605 from the prior two policy years.

These benefits are established by G.S. 143-166.60 and may be amended only by the North Carolina General Assembly.

## NOTE 15: RISK POOLS

The State of North Carolina has two public entity risk pools that are reported within the enterprise funds - the Public School Insurance Fund and the State Health Plan. The State also has three plans that pool risk but whose main characteristic is to provide other postemployment benefits. These three plans are reported within the enterprise funds - the State Death Benefit Plan, the Separate Insurance Benefits Plan and the Disability Income Plan of North Carolina. The State Death Benefit Plan and the Separate Insurance Benefits Plan are components of the N.C. Teachers' and State Employees' Benefit Trust Fund, reported within the enterprise funds.

### A. Public School Insurance Fund

In accordance with Chapter 115C Article 38, the purpose of the Public School Insurance Fund (Fund) is to self insure the Local Education Agencies (LEAs) and the Community Colleges. The board of every Local Education Agency is to insure to the extent of not less than seventy-five percent (75%) of the current insurable value for each insurable building against fire and lightning, extended coverage, and all other perils. The local board also is to insure adequately the equipment and contents of said building. The Fund is financed by premiums collected from the LEAs and the community colleges and interest earned on the Fund's cash balance. Each local board of education has to give notice of its election to insure in the Fund at least 30 days prior to such insurance becoming effective and shall furnish to the State Board of Education a full and complete list of all outstanding fire insurance policies. While the said insurance policies remain in effect, the Fund shall act as coinsurer of the properties covered by such insurance. The Fund currently insures 112 out of 129 Local Education Agencies and 20 out of 58 community colleges.

Claim liabilities are based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. There are no salvage claims anticipated since any salvage is adjusted in the claim settlement. There are some subrogation claims pending, but no estimate of the recoverable amount would be reasonable. Since claims are reviewed by adjusters and the actual loss projection is computed in a short time after the claim is reported, the claim adjustment expense associated with the unpaid claim liability will be reflected in the current period.

The Fund does not consider investment income in determining if a premium deficiency exists.

The only acquisition costs are related to proposal costs and inspection costs for new insurance. Since the Fund can only insure the LEAs and the community colleges, new contracts are immaterial. Since existing contracts are renewed once a year, the Fund's costs are for policy maintenance. Therefore, acquisition costs do not need to be amortized.

The following schedule shows the changes in the reported liability for the past two years. Fiscal year 1992 data was adjusted from the prior year's presentation to reflect additional information obtained during fiscal year 1993.

| | Fiscal Year 1993 | Fiscal Year 1992 |
|---|---|---|
| Unpaid claims at beginning of year | $ 508,546 | $ 1,379,891 |
| **Incurred claims:** | | |
| Provision for insured events of the current year | 3,128,474 | 1,229,948 |
| Increases (decreases) in provision for insured events of prior years | (7,302) | 117,541 |
| Total incurred claims | 3,121,172 | 1,347,489 |
| **Payments:** | | |
| Claims attributable to insured events of the current year | 1,468,073 | 780,708 |
| Claims attributable to insured events of the prior years | 344,703 | 1,438,126 |
| Total payments | 1,812,776 | 2,218,834 |
| Total unpaid claims at end of the year | $ 1,816,942 | $ 508,546 |

All claims greater than $2,000,000 per occurrence (up to $25 million per location) are covered by a reinsurance policy with Home Insurance Company. Total payments by the Fund over $12 million a year (March 20, 1993 - March 20, 1994) are also paid by the reinsurer. Maximum recoverable from the reinsurer for any one catastrophe is $300 million per occurrence. Currently there are claims recoverable from the reinsurer. Reinsurer will reimburse approximately $192,000.

## B. State Health Plan

In accordance with Part 3 of Article 3 of Chapter 135 of the General Statutes, the State Health Plan provides comprehensive major medical care for employees of state agencies, state hospitals, and state universities; employees of the Local Education Agencies; employees of the community colleges; retirees of the Teachers' and State Employees' Retirement System (TSERS), the Consolidated Judicial Retirement System, the Legislative Retirement System, and the University Employees' Optional Retirement Program (UEORP); long-term disability beneficiaries of the TSERS and UEORP; and their dependents through the self-funded Comprehensive Major Medical Plan (Plan). This Plan is administered by a third party who is responsible for the processing of claims and administration of cost containment. Health care is also made available through contractual agreements with six Health Maintenance Organizations (HMO) plans. Monthly premium payments made by employers transfer the risk for employee health coverage to the Plan (a description of coverage is in Note 14). The Plan does not assume risk for HMO contracts.

New employees must enroll themselves and their dependents within 30 days from the date of employment. Coverage may become effective on the first day of the month following date of entry on payroll or the first day of the following month. New employees not enrolling themselves and their dependents when first eligible will be subject to a 12 month waiting period for preexisting health conditions, when they enroll.

As of June 30, 1993, the self-funded Plan membership by employing unit was as follows:

| | Number of Employing Units | Number of Employees |
|---|---|---|
| Agencies and hospitals | 77 | 56,119 |
| Universities | 16 | 23,600 |
| Community colleges | 58 | 8,643 |
| School systems | 130 | 112,006 |
| Retirement System | | 73,397 |
| COBRA | | 1,584 |
| Total | 281 | 275,349 |

Claim liabilities are based on estimates of the ultimate cost of claims that have been incurred (both reported and unreported). Claim adjustment expense, which is reflected in the current period, includes the administrative fee paid to the third party administrator. The administrative fee is based on the number of employees per month covered by the Plan. Upon expiration of the third party's contract, they are responsible to process all claims that they have received before the expiration date. There is no salvage or subrogation involved with health payments. Acquisition costs are not applicable for the Plan.

The premiums are actuarially determined and can be adjusted with legislative approval during the biennium. No excess insurance or reinsurance is provided. The Plan does not consider investment income in determining if a premium deficiency exists.

The following schedule shows the changes in the reported liability for the past two years.

| | Fiscal Year 1993 | Fiscal Year 1992 |
|---|---|---|
| Unpaid claims at beginning of year | $ 79,997,674 | $ 89,503,993 |
| **Incurred claims:** | | |
| Provision for insured events of the current year | 508,029,993 | 495,945,763 |
| Increases in provision for insured events of prior years | 6,891,270 | - |
| Total incurred claims | 514,921,263 | 495,945,763 |
| **Payments:** | | |
| Claims attributable to insured events of the current year | 410,463,391 | 505,452,082 |
| Claims attributable to insured events of the prior years | 86,217,299 | - |
| Total payments | 496,680,690 | 505,452,082 |
| Total unpaid claims at end of the year | $ 98,238,247 | $ 79,997,674 |

For 1992, claims payments and provisions could not be separated between insured events which occurred in the current year and prior years. Since claims had to be filed within 18 months from the date of occurrence, the majority of the beginning unpaid claims were paid and included in the claims payments amount attributable to insured events of fiscal year 1992.

## C. State Death Benefit Plan

The State Death Benefit Plan (Plan) provides group life insurance benefits for members of the Teachers' and State Employees' Retirement System. Formerly, identical type death benefits were provided directly by the retirement system. The State, community colleges and all Local Education Agencies (LEAs) are required to participate, in accordance with G.S. 135-5(l).

The State is a participant of the Plan as well as the sponsor of the Plan. The community colleges and LEAs participate in the Plan even though they are not a part of the reporting entity. The Plan is funded by contributions from the State, community colleges and LEAs..

Although the State Death Benefit Plan pools risk, its main characteristic is to provide other postemployment benefits. Refer to **Note 14 - Other Postemployment Benefits** for detailed disclosure of this Plan.

## D. Separate Insurance Benefits Plan

The Separate Insurance Benefits Plan (Plan) provides additional life insurance benefits and additional accident and sickness insurance to eligible active and retired state and local law enforcement officers.

For full-time law enforcement officers, the group life insurance is equal to $5,000. Also, any full-time law enforcement officer who is killed while in the actual performance of duty as an officer is eligible for an additional death benefit of $2,100. Accident benefits equal $140 a week if a full-time officer is in the hospital and $60 a week if not in the hospital. Accident benefits are limited to 13 weeks if in the hospital; 52 weeks if not in the hospital; or, 52 weeks for a combination of hospitalized and non-hospitalized disability. Sickness benefits equal $140 a week for a maximum of 13 weeks for any one period of hospitalization.

The State is a participant of the Plan as well as the sponsor of the Plan. The local governmental units are participants in the Plan. The Plan is funded by contributions from the State and the local governmental units. The State is not liable for any expenses for this Plan.

Although the Separate Insurance Benefits Plan pools risk, its main characteristic is to provide other postemployment benefits. Refer to **Note 14 - Other Postemployment Benefits** for detailed disclosure of this Plan.

## E. Disability Income Plan of North Carolina

The Disability Income Plan of North Carolina (Disability Income Plan) was created in 1987 by the North Carolina General Assembly with an effective date of January 1, 1988. The Disability Income Plan replaced the former provisions for disability retirement under the Teachers' and State Employees' Retirement System (TSERS) and replaced the benefits provided under the former Disability Salary Continuation Plan. The purpose of this plan is to provide equitable replacement income for eligible members of the TSERS and the University Employees' Optional Retirement Program who become temporarily or permanently disabled during the performance of their duty prior to retirement.

The State, community colleges and all Local Education Agencies (LEAs) are required to participate in accordance with Article 6 of Chapter 135 of the General Statutes.

The State is a participant of the Disability Income Plan as well as the sponsor. The community colleges and the LEAs participate in the Disability Income Plan even though they are not a part of the reporting entity. The Disability Income Plan is funded by contributions from the State, community colleges and the LEAs.

Although the Disability Income Plan pools risk, its main characteristic is to provide other postemployment benefits. Refer to **Note 14 - Other Postemployment Benefits** for detailed disclosure of this plan.

## NOTE 16: RISK MANAGEMENT

The State insures for following types of risk:

### A. Fire and Other Property Losses

State-owned buildings and contents are insured for fire, extended coverage, and other property losses through the State Property Fire Insurance Fund (Fund). Coverage for fire losses is free for all departments, agencies, and institutions that receive funds from the General Fund. Those agencies that do not receive funds from the General Fund are charged for fire coverage. State departments, agencies, and institutions can purchase extended coverage and other property coverages such as sprinkler leakage, business interruption, vandalism, theft, and "all risks" for state-owned buildings and contents through the Fund. For those departments, agencies, and institutions that elect to receive these coverages, the Fund charges premiums discounted from industry manual rates. The Fund insures fire losses up to $1.1 million and extended coverage losses up to $100,000 per building and $500,000 per occurrence. All losses covered by the Fund are subject to a $500 per occurrence deductible except for theft which carries a $1,000 per occurrence deductible.

The Fund purchases excess insurance from a private insurer to cover losses over the amounts insured by the Fund. When aggregate uninsured extended coverage losses sustained by the Fund reach $2 million, the Fund is responsible for a $10,000 per occurrence deductible. When aggregate uninsured fire and other property losses sustained by the Fund reach $5 million, the Fund is responsible for a $50,000 per occurrence deductible.

Claims are paid when the Council of State has approved the request for payment. Claims costs are recognized when they have been approved by the Council of State and are outstanding for payment; when known estimates of losses are waiting to be submitted to the Council of State for approval; and when a major loss has incurred and an amount can be reasonably estimated. For the fiscal year ended June 30, 1993, the claims liabilities totaled $2,057,531.

### B. Automobile Liability Insurance

Every department, agency, or institution of the State is required to purchase liability insurance on every motor vehicle. The State is self-insured for the first $250,000 of any loss through a retrospective rated plan. The plan purchases excess insurance through a private insurer to cover losses greater than $250,000. The liability limits for losses incurring in-state are $100,000 per claimant and $5 million per occurrence. For losses incurring out-of-state, the limits are $1 million per claimant and $5 million per occurrence. Covered losses include those that occurred with vehicles that are not on a stationary track or rail, federal vehicles when the Governor calls out the National Guard, and transportation of Head Start students.

Departments, agencies, and institutions are charged premiums to cover the cost of the excess insurance and to pay for those losses falling under the self-insured retention. Premiums charged are also based on the projected losses to be incurred. The private insurer is a third party administrator and processes all claims. The private insurer also sets up a reserve for amounts expected to be paid for claims. Claims are paid by the private insurer after they are approved by the Attorney General's Office.

### C. Public Officers' and Employees' Liability Insurance

Public officers' and employees' liability insurance is provided by private insurance for all employees of the State except for doctors and dentists. The policy provides $900,000 excess insurance over the $100,000 statutory limit payable for any one claim under the Tort Claims Act. Each agency is responsible for funding any tort claims of $100,000 or less from their budget. Agencies are charged a premium for the excess insurance based on a composite rate. The agencies pay the premiums directly to the private insurer.

### D. Medical Malpractice Protection

The Liability Insurance Trust Fund (the "Trust Fund") was created by G.S. Chapter 116 to provide medical malpractice protection for program participants and individual health care practitioners working as employees, agents, or officers of the program participants, University of North Carolina Hospitals at Chapel Hill and the University of North Carolina at Chapel Hill Physicians and Associates. The Trust Fund is self-insured and is funded by investment income and participant contributions based on the actuarially determined funding level for a given plan year.

Coverage is provided on an occurrence basis. Through June 30, 1993, the Trust Fund provided coverage to the program participants with no stated limitation either per occurrence or in the aggregate; however, any benefits payable

by the Trust Fund are limited to the extent of its assets or the extent of other funding sources. Subsequent to June 30, 1993, the Trust Fund will limit the coverage per occurrence to $5 million with no limitation in the aggregate. In the event the Trust Fund has insufficient funds to pay existing and future claims, it has the authority to borrow necessary amounts up to $30 million. Any such borrowing would be repaid from the assets and revenues of program participants. No borrowings have been made under this authority to date.

The Trust Fund establishes claim liabilities based on estimates of the ultimate cost of all losses and loss adjustment expenses, including losses and loss adjustment expenses incurred but not yet reported, which are unpaid at the balance sheet date. The claims liability of $11,033,219 and $18,007,255 is the present value of the aggregate actuarially determined claims liability of $14,177,615 and $22,281,824, discounted at rates ranging from 6% to 8%, at June 30, 1992 and 1993, respectively. These estimates are reviewed annually, and as adjustments become necessary, such adjustments are reflected in current operations. Claims against participants are paid from the corpus of the Trust Fund. Changes in the Trust Fund's aggregate liabilities for claims for the past two fiscal years are as follows.

| | *Beginning-of-Fiscal-Year Liability* | *Current-Year Claims and Changes in Estimates* | *Claim Payment* | *Balance at Fiscal Year-End* |
|---|---|---|---|---|
| 1991-92 | $ 9,841,175 | $ 7,329,924 | $(6,137,880) | $11,033,219 |
| 1992-93 | $11,033,219 | $ 8,903,338 | $(1,929,302) | $18,007,255 |

The Trust Fund is administered by the Liability Insurance Trust Fund Council. This council is comprised of *ex-officio* members defined by statute and others appointed by the University of North Carolina Board of Governors. The Council may choose to terminate the Trust Fund or the respective participants may choose to terminate their participation. In the event of such termination, an up-dated actuarial study will be performed to determine amounts due to or from the participants based on loss experience up to the date of termination.

## E. Workers' Compensation

The State Workers' Compensation Program (Program) was created by G.S. Chapter 97 to provide workers' compensation to all State government employees, including public school employees whose salaries are funded by some percentage of State funding. As defined under the North Carolina Workers' Compensation Act, an injury is covered under workers' compensation if it is caused by an accident which arose out of and in the course of employment. Also certain occupational diseases specifically designated in the North Carolina Workers' Compensation Act are compensable. Losses payable by the Program include medical claims, loss of wages, disability, and death benefits. The death benefits are in addition to the benefits payable by the State Death Benefit Plan. Payment of all medical benefits are subject to approval based on a fee schedule established by the North Carolina Industrial Commission (NCIC). Loss of wages and disability benefits are payable based on 66 2/3% of an employee's average weekly salary subject to a statutory compensation rate minimum and maximum established annually by the NCIC. Death benefits are payable for 400 weeks at 66 2/3% of an employee's average weekly salary. In certain instances, death benefits may be extended beyond the 400 weeks.

The responsibility for claiming compensation is on the injured employee. If the injured employee or his representative do not notify the employer within 30 days from the date of injury, the employer can refuse compensation. A claim must be filed with the NCIC by either the employee or the employer within two years from the date of knowledge thereof; otherwise the claim is barred by law and no further compensation is allowable. When an employee is injured, the employer's primary responsibility is to arrange for and provide the necessary treatment for any work related injury. Each State agency accepts or denies liability for the State and is responsible for monitoring and processing the claims. The agency is responsible to pay medical benefits and compensation in accordance with the North Carolina Workers' Compensation Act. The agency tries to provide the best possible medical care for injured employees to help them reach maximum medical improvement and return to work as soon as possible.

The State is self-insured for workers' compensation. There are no appropriations state-wide to cover workers' compensation expenditures so each agency is responsible to pay claims out of its' own appropriations. Funds for workers' compensation expenditures are budgeted in each agency's budget based on its' prior year's loss experience. If the agency does not have sufficient funds available to fund workers' compensation expenditures, then they can transfer funds from certain budgeted line-items without approval from the Office of State Budget and Management. Claims are booked when paid. The Department of Transportation is the only state agency that sets up a reserve for claims. For the year ended June 30, 1993, the workers' compensation expenses totaled $24,437,069.

## F. Unemployment Insurance

The State provides unemployment insurance to all state government employees and public school employees who are

separated from employment with no fault of their own. An employee approved for unemployment insurance benefits is entitled to receive benefits based on the state-wide weekly average, subject to a weekly maximum, for a maximum of 26 weeks.

The State is self-insured for unemployment insurance. The Employment Security Commission (ESC) administers the payment of unemployment insurance benefits for all state government and public school employees. The ESC makes the unemployment insurance payments to eligible recipients on behalf of the employer agencies, and then bills the agencies annually for reimbursement of benefits paid. The unemployment insurance benefits are reimbursed by the agencies from lapsed salaries which should come from the same funding source that supported the base salaries. The State contracts with third parties to manage and investigate claims. For the year ended June 30, 1993, the unemployment insurance expenses for state government and public school employees totaled $3,864,495.

## G. Contributory Death Benefit for Retirees

A $5,000 Contributory Death Benefit is provided to retirees of the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, Consolidated Judicial Retirement System, Legislative Retirement System, and the Legislative Retirement Fund who have elected when first eligible, to make, and have continuously made, in advance of their death, contributions for twenty-four months to the Contributory Death Benefit Trust Fund. Should death occur before the completion of twenty-four months of contributions, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retiree's contributions plus interest. If a retiree cancels his/her coverage, coverage cannot be reinstated nor can a retiree reapply for coverage. The State has assumed no risk. Actuarial losses are payable solely from future contributions or other actuarial gains. For the calendar year ended December 31, 1992, the contributions were $5,374,124 while the death benefit payments were $2,357,815. Benefit and contribution provisions are established by G.S. 120-4.27, 128-27(l2), 135-5(l), and 135-64(g) and may be amended only by the North Carolina General Assembly.

## H. Group Life Insurance (Death Benefit) for Local Governmental Employees

The State sponsors group life insurance for local governmental employees through a Group Life Insurance Plan (Plan) which is separate and apart from the Local Governmental Employees' Retirement System (LGERS). The local governmental units may elect to join the Plan. Group life insurance is provided to those member of LGERS whose units elected to join the Plan and who have completed at least one full calendar year of membership in the LGERS. Local governmental employees who have at least one year of contributory membership service in the LGERS are also covered by the Plan for 180 days after retirement or termination of service. Upon the death of a member in active service after one year of membership, or a former member within 180 days after retirement or termination of service, a lump sum death benefit is payable to the member's designated beneficiary or legal representative. The benefits is equal to the greater of (1) the compensation on which contributions were made by the member during the calendar year preceding the year in which his/her death occurs or (2) the member's highest twelve consecutive months salary during the twenty-four months prior to his/her death. The benefit is subject to a maximum of $20,000.

The group life insurance benefit is funded by those local governmental units who elect to participate in the Plan. For the calendar year ended December 31, 1992, the actuarially determined contribution to the Plan was 0.14% of the payroll for law enforcement officers and 0.06% to 0.96% of the active local governmental employees' salaries. For the calendar year ended December 31, 1992, the contributions to the Plan were $3,283,516, while the death benefit payments were $1,757,172. At December 31, 1992, the Plan had assets of $12,545,184.

The State has assumed no risk. The local governmental units' sole responsibility is to pay the required premium. Actuarial losses are payable solely from future contributions or other actuarial gains. These benefits are established by G.S. 128-27(l) and may be amended only by the North Carolina General Assembly.

## NOTE 17: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Segment information for the State's enterprise funds for the year ended June 30, 1993 is (expressed in thousands):

| | UNC Hospitals [1] | N.C. State Fair [2] | USS N.C. Battleship Commission [3] | Farmers Market [4] | Indian Cultural Tourist Center [5] | Other Funds [6] | N.C. Housing Finance Agency [7] | State Ports Authority [8] |
|---|---|---|---|---|---|---|---|---|
| Operating revenues | $286,204 | $6,406 | $ 1,856 | $ 572 | $ 6 | $ 164 | $ 86,350 | $24,133 |
| Depreciation/amortization | 15,232 | 585 | 142 | 608 | 9 | - | 1,260 | 5,299 |
| Operating income (loss) | (21,598) | (36) | 97 | (700) | (14) | (5) | 5,088 | (971) |
| Operating transfers in | 41,895 | - | - | 270 | - | 10 | - | - |
| Operating transfers (out) | - | - | - | (125) | - | - | - | - |
| Net income (loss) | 25,513 | (35) | 160 | (543) | (14) | 5 | 3,701 | (743) |
| Additions to contributed capital | - | - | - | 103 | - | - | - | - |
| Fixed assets: | | | | | | | | |
| Additions | 35,858 | 504 | 110 | 171 | - | - | 51 | 7,457 |
| Deletions | (22,267) | (206) | (51) | (28) | - | - | - | (2,090) |
| Other adjustments | - | - | - | (25) | - | - | - | - |
| Net working capital | 124,491 | 2,261 | 836 | 413 | 9 | 108 | (4,031) | 14,758 |
| Total assets | 320,891 | 13,385 | 3,891 | 13,159 | 534 | 127 | 972,708 | 121,469 |
| Bonds and other long-term obligations | 66,774 | - | 215 | - | - | - | 819,163 | 6,170 |
| Total equity (deficit) | 225,308 | 12,797 | 3,530 | 13,076 | 534 | 108 | 78,632 | 112,141 |

**Principal enterprise fund activities:**

[1] The **University of North Carolina Hospitals** consist of the following medical facilities in Chapel Hill: North Carolina Memorial Hospital, North Carolina Children's Hospital, North Carolina Neuropsychiatric Hospital, North Carolina Jaycee Burn Center, North Carolina Clinical Cancer, North Carolina Women's Center, UNC Ambulatory Care Center and Carolina Consultation Center.

[2] The **North Carolina State Fair** in Raleigh provides annual competitive exhibition of North Carolina agricultural products as well as rural arts and crafts.

[3] The **USS North Carolina Battleship** in Wilmington is open for public exhibition all year. The Commission administers the maintenance and exhibition costs of the battleship.

[4] The **Farmers' Market** in Raleigh provides a site where state farmers can sell fresh produce and other agricultural products directly to the public.

[5] The **Indian Cultural Tourist Center**, located in Robeson County, is to promote and preserve the culture of the Indian people.

[6] **Other Governmental Enterprise Funds** have been organized to operate concession stands, bookstores, and vending and sales desks.

[7] The **North Carolina Housing Finance Agency** in Raleigh administers programs to finance construction of low and moderate income housing and the investment of funds on hand.

[8] The **State Ports Authority** operates the State's port facilities in Wilmington and Morehead City.

[9] The **Ports Railway Commission** operates, maintains and controls all railway equipment and railway operations transferred to it by the State Ports Authority in 1981.

[10] The **North Carolina Agricultural Finance Authority** administers the financing of low interest loans to farmers.

[11] The **North Carolina Air Cargo Authority** administers the development of the North Carolina Global TransPark, an international air cargo airport complete with transportation links, dedicated intrafacility distribution systems and state of the art communication systems. The park, located near Kinston, is expected to take several years to complete and to bring to full operation.

| Ports Railway Commission [9] | N.C. Agricultural Finance Authority [10] | N.C. Air Cargo Authority [11] | N.C. Low Level Radioactive Waste Authority [12] | Public School Insurance [13] | State Health Plan [14] | N.C. Teachers' and State Employees' Benefit Trust [15] | Disability Income Plan of N.C. [16] | Total |
|---|---|---|---|---|---|---|---|---|
| $ 348 | $ 175 | $ - | $ - | $ 6,808 | $606,568 | $27,649 | $35,890 | $ 1,083,129 |
| 31 | - | 77 | - | - | 13 | - | - | 23,256 |
| 172 | (46) | (3,909) | - | 1,449 | 79,892 | 7,620 | 11,673 | 78,712 |
| - | 192 | 6,455 | - | - | - | - | - | 48,822 |
| - | - | (391) | - | - | (30) | - | - | (546) |
| 197 | 146 | 2,528 | (11,339) | 1,449 | 79,862 | 7,620 | 11,673 | 120,180 |
| - | - | - | - | - | - | - | - | 103 |
| 1 | - | 195 | - | - | - | - | - | 44,347 |
| (1) | - | - | - | - | - | - | - | (24,643) |
| (53) | - | - | - | - | - | - | - | (78) |
| 533 | 1,352 | 3,723 | 1,747 | 37,391 | 93,288 | 97,976 | 107,517 | 482,372 |
| 1,562 | 1,385 | 4,171 | 3,437 | 40,606 | 195,786 | 101,201 | 107,606 | 1,901,918 |
| - | - | - | 27,061 | - | - | - | - | 919,383 |
| 1,547 | 1,352 | 4,149 | (25,306) | 37,391 | 93,301 | 97,976 | 107,517 | 764,053 |

[12] The **North Carolina Low Level Radioactive Waste Management Authority** was organized to locate, construct and operate a regional site for the disposal of low level radioactive waste. The site will be located in North Carolina and will serve the needs of eight southeastern states. Currently in the developmental stage, the program is being financed by loans from the State and contributions from the Southeast Compact. The loans will be repaid from operating revenues at such time as the facility becomes operational.

[13] The **Public School Insurance** fund provides fire, theft and vandalism insurance for public school buildings and contents and offers risk management services.

[14] The **State Health Plan** administers a health care benefit plan for State employees, teachers and retirees.

[15] The **North Carolina Teachers' and State Employees' Benefit Trust** is a combined employees benefit plan which provides death benefits to public employees and teachers.

[16] The **Disability Income Plan of North Carolina** provides short-term and long-term disability coverage for teachers and State employees.

## NOTE 18: RESERVED FUND BALANCES

The State's reserved fund balances represent those portions of fund balance that are: (1) not available for appropriation or expenditure, which includes loans receivable and long-term portion of advances to other funds, or (2) fund balances that are legally segregated for a specific use.

The State's reserved fund balances at June 30, 1993, are (expressed in thousands):

| | Governmental Fund Types | | | Fiduciary Funds | | | |
|---|---|---|---|---|---|---|---|
| | General | Special Revenue | Capital Projects | Expendable Trust | Nonexpendable Trust | Pension Trust | Fiduciary Totals |
| Inventories | $ 38,775 | $ 13,301 | $ - | $ 891 | $ - | $ - | $ 891 |
| Reserved for specific encumbrances | 41,249 | - | - | - | - | - | - |
| Clean water projects | 582 | - | - | - | - | - | - |
| Retirees' health premiums | 79,376 | - | - | - | - | - | - |
| Energy conservation | 39,730 | - | - | - | - | - | - |
| Investments | 5,235 | - | - | - | - | - | - |
| Other reserves | 3,958 | 5,530 | - | 1,899 | - | - | 1,899 |
| Medicaid programs | 8,000 | - | - | - | - | - | - |
| Advance to enterprise fund | 22,131 | - | - | - | - | - | - |
| Savings reserve | 175,926 | - | - | - | - | - | - |
| Repairs and renovations | 57,000 | - | - | - | - | - | - |
| Vacation, sick leave | - | 64,526 | - | - | - | - | - |
| Public School Building Capital Needs | - | 19,783 | - | - | - | - | - |
| Critical School Facility Needs | - | 10,180 | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital projects | - | - | 86,293 | - | - | - | - |
| Claims and benefits | - | - | - | 495,420 | - | - | 495,420 |
| Loan and grant commitments | - | - | - | 90,261 | 169,673 | - | 259,934 |
| Refunds | - | - | - | 17,511 | - | - | 17,511 |
| Political parties | - | - | - | 425 | - | - | 425 |
| Wildlife endowment | - | - | - | - | 25,195 | - | 25,195 |
| Retirement programs | - | - | - | - | - | 22,361,678 | 22,361,678 |
| Total Fund Balances Reserved | $471,962 | $113,320 | $86,293 | $606,407 | $194,868 | $22,361,678 | $23,162,953 |

| Restricted University Funds | Current | Fiduciary | Plant | Totals |
|---|---|---|---|---|
| Loans | $ - | $ 279,823 | $ - | $ 279,823 |
| Endowments | - | 296,893 | - | 296,893 |
| Revenue bond retirement | - | - | 47,611 | 47,611 |
| Restricted funds | 144,847 | - | 65,193 | 210,040 |
| Total University Fund Balances Reserved | $144,847 | $576,716 | $112,804 | $834,367 |

## NOTE 19: FUND EQUITY RESTATEMENT

Fund equity as of July 1, 1992, has been restated for certain accounting changes to conform to generally accepted accounting principles. Adjustments due to prior year accruals resulted from correcting errors in recognizing accruals of revenues and expenditures/expenses for the fiscal year ended June 30, 1992.

These changes, along with the fund reclassifications discussed in Note 20, have been reported in the accompanying financial statements by restating beginning fund equity.

The changes in fund equity at July 1, 1992, are (expressed in thousands):

| | General | Special Revenue | Capital Projects | Enterprise | Internal Service | Expendable Trust | University |
|---|---|---|---|---|---|---|---|
| Balances as previously reported at June 30, 1992 | $234,821 | $871,476 | $187,599 | $646,436 | $155,628 | $2,093,915 | $3,886,521 |
| Fund reclassifications | (272) | (10,214) | - | - | 10,484 | - | - |
| June 30, 1992 balances after fund reclassifications | 234,549 | 861,262 | 187,599 | 646,436 | 166,112 | 2,093,915 | 3,886,521 |
| Prior year adjustments and restatements | 15 | 341 | (248) | (2,666) | 97 | 170 | 792 |
| Balances as restated at July 1, 1992 | $234,564 | $861,603 | $187,351 | $643,770 | $166,209 | $2,094,085 | $3,887,313 |

## NOTE 20: FUND RECLASSIFICATIONS

The Educational Materials and School Buses fund provides local school districts with textbooks, school buses and television materials. In previous years this fund has been classified as an internal service fund. In 1993, this fund is classified as a special revenue fund.

The Department of Insurance Continuing Education program and the N.C. Rural Electrification Authority, both previously accounted for in the General Fund, have been reclassified as special revenue funds.

"*Totals - Memorandum Only*" amounts for 1992 have been restated to conform to the 1993 presentation. The amounts of fund balances reclassified are disclosed above in Note 19.

## NOTE 21: RESIDUAL EQUITY TRANSFERS, CHANGES IN CONTRIBUTED CAPITAL AND NON-EQUITY TRANSFERS

During the past fiscal year the following transfers that affected fund equity, recorded either as Residual Equity Transfers, Changes in Contributed Capital, or as Other Non-Equity Transfers, were made between the various fund types, general fixed asset account group and entities outside the State government (expressed in thousands):

| | Equity Transfers In (Out) | | | | | | | Non-Equity Transfers | |
|---|---|---|---|---|---|---|---|---|---|
| | *General* | *Special Revenue* | *Capital Projects* | *Enterprise* | *Internal Service* | *Non-expendable Trust* | *Universities* | *General Fixed Assets Account Group* | *Asset Donations and Disposals* |
| **Transfers affecting equity:** | | | | | | | | | |
| Required reversion | $ 838 | $ 162 | $ - | $ - | $ - | $(1,000) | $ - | $ - | $ - |
| Reversion of capital improvement funds | 209 | - | (203) | - | - | - | (6) | - | - |
| Return of contributed capital | 1,600 | - | - | - | 1,600 | - | - | - | - |
| Transfer of fixed assets | - | - | - | 103 | 16,091 | - | - | (15,886) | (308) |
| Other transfers | 1,512 | - | (1,651) | - | (18) | - | - | - | 157 |
| Total Transfers | $4,159 | $ 162 | $(1,854) | $ 103 | $14,473 | $(1,000) | $ (6) | $(15,886) | $(151) |
| **Transfers consist of:** | | | | | | | | | |
| *Residual Equity Transfers:* | | | | | | | | | |
| Transfers in | $4,458 | $ 184 | $ - | $ | $ - | $ - | $ - | $ - | $ - |
| Transfers out | (299) | (22) | (1,854) | - | 389 | (1,000) | (6) | - | - |
| Total | 4,159 | 162 | (1,854) | - | 389 | (1,000) | (6) | - | - |
| *Contributed Capital Changes:* | | | | | | | | | |
| Increases | - | - | - | 103 | 16,399 | - | - | - | - |
| Decreases | - | - | - | - | (2,315) | - | - | - | - |
| Total | - | - | - | 103 | 14,084 | - | - | - | - |
| *Other Non-Equity Changes:* | | | | | | | | | |
| Increases | - | - | - | - | - | - | - | 774 | 157 |
| Decreases | - | - | - | - | - | - | - | (16,660) | (308) |
| Total | - | - | - | - | - | - | - | (15,886) | (151) |
| Total Transfers | $4,159 | $ 162 | $(1,854) | $ 103 | $14,473 | $(1,000) | $ (6) | $(15,886) | $(151) |

## NOTE 22: JOINT VENTURES

A joint venture is a legal entity or other contractual arrangement participated in by a government as a separate and specific activity for the benefit of the public or service recipients in which the government retains an ongoing financial interest and/or responsibility. The only material joint ventures in which the State of North Carolina participates are MCNC and the North Carolina Biotechnology Center. Pursuant to current financial reporting standards, the State does not record its equity in these joint ventures since they are funded by governmental funds.

### MCNC (FORMERLY THE MICROELECTRONICS CENTER OF NORTH CAROLINA)

*MCNC* is a non-profit organization formed to foster advanced education, research and technology programs in microelectronics, communications and supercomputing. These programs build technical capability for economic development, support North Carolina universities and research institutes in research and education, involve leading industries for mutual benefit and support North Carolina industry and economic development agencies.

The Board of Directors consists of the Chancellors of North Carolina Agricultural and Technical State University, North Carolina State University at Raleigh, the University of North Carolina at Chapel Hill, the University of North Carolina at Charlotte, and the President of MCNC, all of whom serve *ex officio*; a representative of Duke University designated by the Board of Trustees of Duke University; a representative of the Research Triangle Institute to be designated by the Board of Governors of the Research Triangle Institute; one State government representative; one representative from an established North Carolina company; one representative from an emerging North Carolina company, one North Carolina resident, one representative from the North Carolina Community College System, one representative from the University of North Carolina System, all of whom shall be appointed by the Governor of North Carolina and shall serve at his pleasure; five individuals elected by the Board of Directors of MCNC who serve for three years with an option for reelection by the Board of Directors.

The Board of Directors establishes policy for MCNC and appoints the President and other officers and management that it determines necessary. The Board of Directors approves a biennium budget prior to its submission to the State of North Carolina. An operating plan (based on identified sources of funding, including the grant from the State) is approved by the Board at the beginning of each fiscal year. A status report of the operating plan is presented at the quarterly meetings of the Board.

In the year ended June 30, 1993, financing was provided from the following sources: State of North Carolina, 62.4%; industrial affiliates, 3.8%; contract revenue and interest, 23.5%,; and other income, 10.3%. The State of North Carolina has approved financing for fiscal year 1994 of $15.68 million for operations, $2.5 million for capital acquisitions, $2.0 million to conduct joint research and development projects on networking technology with MCI Communications Corporation and with North Carolina State University and Duke University, and $2.12 million to connect the six remaining state-owned campuses to MCNC Concert Telecommunications Network. Of the funds appropriated to MCNC for the Microelectronics Program, $2.0 million of the total appropriation in each fiscal year is contingent upon a dollar-for-dollar match in non-State funds.

Financial statements of MCNC for the fiscal year ended June 30, 1993 can be obtained from MCNC, P.O. Box 12889, Research Triangle Park, N.C. 27709.

### NORTH CAROLINA BIOTECHNOLOGY CENTER

The North Carolina Biotechnology Center is a non-profit corporation organized under the laws of North Carolina in 1984 for the purpose of furthering economic development in North Carolina through support of biotechnology research, development and commercialization statewide. To fulfill its mission, the Center seeks to achieve the following goals: 1) strengthen North Carolina's research capabilities in its academic and industrial institutions; 2) foster North Carolina's industrial development; 3) inform and educate the public about biotechnology; 4) develop mutually beneficial partnerships among all parties involved in moving technology from research to commercialization; and 5) establish for North Carolina a leadership role in biotechnology and its commercialization.

The Board of Directors includes the President of the University of North Carolina; the Chancellors of the University of North Carolina at Chapel Hill, North Carolina State University, East Carolina University and Duke University; the Vice President for Health Affairs of Wake Forest University; and

the President of the North Carolina Biotechnology Center. These members serve *ex officio*. In addition, five directors each are appointed by the Governor, Lieutenant Governor and the Speaker of the House of Representatives. These fifteen directors serve two-year terms. The Executive Committee of the Center may appoint up to a maximum of twelve directors, with no fewer than three from the private sector, and these members serve four-year terms.

The Board of Directors establishes policy for the Center and appoints the President and other officers and management that it determines to be necessary. The Executive Committee of the Board of Directors serves as the Finance Committee. The Executive Committee reviews the annual budget prepared by the staff and recommends a final budget to the Board of Directors. The Board of Directors approves the final annual budget with any required modifications.

In the year ended June 30, 1993, the State of North Carolina provided 91.5%; industry and foundations provided 0.6%; and contract revenue, interest and other income provided 7.9% of the Center's financing. The State of North Carolina has approved financing of $9.0 million for fiscal year 1994.

Financial statements of the Biotechnology Center for the fiscal year ended June 30, 1993 can be obtained from the North Carolina Biotechnology Center, Attention Comptroller, P.O. Box 13547, Research Triangle Park, N.C. 27709-3547.

## NOTE 23: COMMITMENTS AND CONTINGENCIES

### A. No Commitment Debt

The State, by action of the General Assembly, created the North Carolina Medical Care Commission which is authorized to issue tax-exempt bonds and notes to finance construction and equipment projects for nonprofit and public hospitals, nursing homes, continuing care facilities for the elderly and related facilities. The bonds are not an indebtedness of the State and, accordingly, are not reflected in the accompanying financial statements. Each issue is payable solely from the revenues of the facility financed by that issue and any other credit support provided. Therefore, each issue is separately secured and is separate and independent from all other issues as to source of payment and security. The indebtedness of each entity is serviced and administered by a trustee independent of the State. Maturing serially to calendar year 2024, the outstanding principal of such bonds and notes as of June 30, 1993, was $1,770,065,251 with interest rates varying from 2.30 percent to 10.375 percent.

The State, by action of the General Assembly, created the North Carolina Educational Facilities Finance Agency which is authorized to issue tax-exempt bonds and notes to finance facilities and structures at private institutions of higher learning. The bonds are not an indebtedness of the State and, accordingly, are not reflected in the accompanying financial statements. Each issue is payable solely from the revenues of the facility financed by that issue and any other credit support provided. Therefore, each issue is separately secured and is separate and independent from all other issues as to source of payment and security. The indebtedness of each issue is serviced and administered by a trustee independent of the State. Maturing serially to calendar year 2027, the outstanding principal of such bonds and notes as of June 30, 1993, was $322,807,120 with interest rates varying from 2.7 percent to 8.25 percent.

The State, by action of the General Assembly, created the North Carolina Industrial Facilities and Pollution Control Financing Authority which is authorized to issue tax-exempt bonds and notes to provide funds to be loaned by the Authority to finance industrial and manufacturing facilities, pollution control facilities for industry (in connection with manufacturing) where there is a favorable impact on employment or pollution control commensurate with the size and cost of the facilities. The bonds are not an indebtedness of the State and, accordingly, are not reflected in the accompanying financial statements. Each issue is payable solely from the revenues of the facility financed by that issue and any other credit support provided. Therefore, each issue is separately secured and is separate and independent from all other issues as to source of payment and security. The indebtedness of each issue is serviced and administered by a trustee independent of the State. Maturing serially to calendar year 2009, the outstanding principal of such bonds and notes as of June 30, 1993, was $20,155,000 with interest rates varying from 6.5 percent to 7.25 percent.

### B. Litigation

*State Tax Refunds - Federal Retirees.* In *Davis v. Michigan* (decided March 28, 1989), the United States Supreme Court ruled that a Michigan income tax statute which taxed federal retirement benefits while exempting those paid by state and local governments violated the constitutional doctrine of intergovernmental tax immunity. At the time of the *Davis* decision, North Carolina law contained a similar exemption in favor of state and local retirees. That provision has been

repealed prospectively, beginning with the 1989 tax year. All public pensions are now entitled to a $4,000 annual exclusion.

Following *Davis*, federal retirees filed a class action suit alleging civil rights violations and seeking damages equal to the North Carolina income tax paid on federal retirement income by the class members. The complaint alleges that the amount in controversy exceeds $140 million. In August, 1991 the North Carolina Supreme Court ruled in favor of the State, concluding that *Davis v. Michigan* could only be applied prospectively and that the taxes collected from the federal retirees were thus not improperly collected. In June, 1993, the United States Supreme Court vacated that decision, based on its ruling in *Harper v. Virginia Department of Taxation*, that *Davis* applied retroactively. The North Carolina case was remanded to the North Carolina Supreme Court, which allowed the parties to file additional briefs and make oral arguments on November 17, 1993. The primary remaining issue in the case is the failure of the federal retirees to comply with state procedures for challenging unconstitutional taxes, which the State Supreme Court held, in a 1991 decision, barred tax refund claims by state retirees. The North Carolina Attorney General's Office believes that sound legal arguments support the State's position.

*State Tax Refunds - State Retirees.* State retirees filed a second class action suit against the State as a result of the repeal of the income tax exemption for state retirement benefits. The retirees allege, among other claims, breach of contract and unconstitutional impairment of contract rights by the State in taxing benefits that were allegedly promised to be tax exempt. The North Carolina Attorney General's Office estimates that the amount in controversy is approximately $40-$45 million annually for several years. Many of the same plaintiffs brought an almost identical suit in 1990, which they lost when the North Carolina Supreme Court held in favor of the State on procedural grounds and the United States Supreme Court declined to review the case. The North Carolina Attorney General's Office believes that sound legal arguments support the State's position.

*Faulkenbury v. Teachers' and State Employees' Retirement System.* Plaintiff is a disability retiree who brought this class action challenging a change in the formula for payment of disability retirement benefits, made in 1982, which results in lower benefits to her. Plaintiff claims breach of contract, impairment of contract rights, and breach of fiduciary duty against the State, the Retirement System, the Treasurer, and the Director and Trustees of the Retirement System. The State estimates that the cost to defendants, in damages and higher prospective benefits payments to plaintiff and the class she seeks to represent, would probably amount to $50 million or more ultimately, payable, at least initially, from the funds of the Retirement System. The Court of Appeals ruled in 1993 that plaintiff's claims under the federal Civil Rights Act were barred by the statute of limitations and her breach of fiduciary duty claim failed to state a valid claim for relief. The Court of Appeals ruling on the fiduciary duty claim was appealed to the North Carolina Supreme Court, and the Supreme Court affirmed. In another decision by the Court of Appeals, a 1992 judgment in favor of plaintiff in Superior Court was vacated by the Court of Appeals. At least some of the case will eventually be heard by the Superior Court, where statute of limitations issues remain to be resolved for those claims left in the case after the appeals. The Attorney General's Office believes that sound legal arguments support the State's position in this case.

*Peele v. Teachers' and State Employees' Retirement System.* Plaintiff is receiving disability benefits and brought this class action challenging 1982 and 1988 changes in the method of payment for disability benefits from the Retirement System, resulting in lower benefits to her. Plaintiff claims impairment of contract rights, breach of fiduciary duty, and other constitutional violations against the State, the Retirement System, the Treasurer, and the Director and Trustees of the Retirement System. The State estimates that the cost to the defendants, in damages and higher prospective benefit payments to plaintiff and the class she represents, would probably amount to $50 million of more ultimately. If plaintiff should be successful, any recovery in this litigation would, at least initially, be paid from funds of the Retirement System. This suit is virtually identical to the 1990 action brought by Ms. Faulkenbury against the Retirement System and is simply another claim for the potential liability already faced by the Retirement System in that suit. The Superior Court of Wake County has determined that Ms. Peele's suit may proceed as a class action, but no further actions have been taken. The Attorney General's Office believes that sound legal arguments support the State's position in this case.

*Woodard v. Local Governmental Employees' Retirement System.* Plaintiff is a former law enforcement officer retired on disability in 1986 from the Local Governmental Employees' Retirement System and brought this class action suit in 1991. Plaintiff seeks to represent a class of retired law enforcement officers who were vested in the Law Enforcement Officers' Retirement System on July 1, 1982, who retired on disability or would have retired on disability, and heirs, beneficiaries, and personal representatives of such persons, who were adversely affected by a change in the disability retirement formula for law enforcement officers effective July 1, 1982. This case presents essentially the same issues as *Faulkenbury v. Teachers' and State Employees' Retirement System;* the plaintiffs are represented by the same attorneys, and the two cases have been consolidated for hearing, and the issues decided identically, in all proceedings thus far. Because of the differences in the potential classes, the defendants estimate that the potential liability in this case is approximately $15 million. The posture of the case is exactly

the same as *Faulkenbury*, and the Attorney General's Office believes that sound legal arguments support the State's position in this case.

*Other Litigation.* The State is involved in numerous claims and legal proceedings, many of which normally recur in governmental operations. A review of the status of outstanding lawsuits involving the State by the North Carolina Attorney General did not disclose other proceedings that are expected to have a material adverse effect on the financial position of the State.

## C. Federal Grants

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies, although it is believed that disallowances, if any, will be immaterial.

## D. Highway Construction

The State may be liable for approximately $5.4 million to contractors for highway construction claims that the State has contested. The State may also be liable for an additional $61.2 million in contested rights-of-way acquisition costs to property owners in condemnation proceedings. These costs have not been included in project-to-date costs.

## E. Food Stamp Coupons and USDA-Donated Commodities

The State had custodial responsibility at June 30, 1993 for $115.2 million of U.S. Department of Agriculture food stamp coupons for which the State is liable in the event of loss.

The State has custodial responsibility for $2.9 million of U.S. Department of Agriculture donated food commodities for which the State is liable in the event of loss.

## F. Purchase Commitments - Mortgage Loans

Simultaneous with the issuance of bonds, the N.C. Housing Finance Agency agreed with certain mortgage lenders to purchase mortgage loans. These mortgage lenders provide the Agency nonrefundable fees representing from 1.5% to 2% of the principal balance of firm commitments for mortgage loans. At June 30, 1993, the following purchase commitments remained outstanding (expressed in thousands):

| | *Outstanding Commitment* |
|---|---|
| **Single Family Revenue Bonds:** | |
| (1985 Resolution) | |
| Series N/O | $ 325 |
| Series U/V | 14,962 |
| Total commitments | $15,287 |

# NOTE 24: SUBSEQUENT EVENTS

**Housing Finance Agency.** On October 1, 1993, the Agency redeemed at par $29,508,288 of Single Family Revenue Bonds, 1985 Resolution.

**Prison Bonds.** On October 6, 1993, the State of North Carolina issued the remaining $87.5 million of Prison and Youth Services Facilities Bonds, Series A. The proceeds will be used for the purpose of financing the cost of prison renovation and construction, and for the acquisition of land and equipment.

**Bond Refundings.** On October 6, 1993, the State of North Carolina issued bonds for $107.265 million to refund Public Improvement Refunding Bonds, Series 1986 ($57.045 million refunded); Highway Refunding Bonds, Series 1986 ($28.980 million refunded); and Clean Water Bonds, Series 1987 ($14.5 million refunded).

On October 27, 1993, the State of North Carolina issued bonds for $67.475 million to refund Prison and Youth Services Facilities Bonds, Series A, dated March 1, 1992 ($59.6 million refunded).

**Voter Approval—New Bonds.** On November 2, 1993, the voters of North Carolina approved the issuance of $740 million in new bonds, for the following purposes:

- $310 million in University Improvement bonds for capital improvements at all constituent or affiliated institutions of the University of North Carolina system.
- $250 million in Community College bonds for grants to community colleges for capital improvements.
- $145 million in Clean Water bonds for the following: (1) $45 million will be used to match federal wastewater or water supply assistance funds; (2) $100 million will be used to make loans to local government units to pay the cost of water supply systems, water conservation projects, wasterwater collection systems and wastewater treatment works.
- $35 million in State Parks bonds for capital improvements for new and existing State parks.

The State Treasurer expects that $250 million of these bonds will be sold in June of 1994.

## REQUIRED SUPPLEMENTARY INFORMATION
## ACTUARIAL ANALYSIS OF FUNDING PROGRESS
## ALL PENSION TRUST FUNDS

June 30, 1993

*(Expressed in Thousands)*

| *Retirement System* | *Valuation Date* | *Net Assets (at cost) Available For Benefits* (1) | *Pension Benefit Obligation* (2) | *Percentage Funded* (1) / (2) (3) | *Unfunded (Assets in Excess of) Pension Benefit Obligation* (2) - (1) (4) | *Annual Covered Payroll* (5) | *Unfunded (Assets in Excess of) Pension Benefit Obligation As a Percentage of Annual Covered Payroll* (4) / (5) (6) |
|---|---|---|---|---|---|---|---|
| **Teachers' and State Employees'** | 12-31-92 | $ 17,039,908 | $ 16,502,439 | 103.26% | $ (537,469) | $ 5,855,959 | (9.18%) |
| | 12-31-91 | 15,556,078 | 15,456,150 | 100.65% | (100,108) | 5,703,434 | (1.76%) |
| | 12-31-90 | 14,135,169 | 13,659,446 | 103.48% | (475,723) | 5,486,447 | (8.67%) |
| | 12-31-89 | 12,761,635 | 13,002,665 | 98.15% | 241,030 | 5,050,695 | 4.77% |
| | 12-31-88 | 11,386,677 | 11,614,756 | 98.04% | 228,079 | 4,673,065 | 4.88% |
| | 12-31-87 | 10,199,107 | 10,478,234 | 97.34% | 279,127 | 4,221,927 | 6.61% |
| **Consolidated Judicial** | 12-31-92 | $ 125,804 | $ 138,834 | 90.61% | $ 13,030 | $ 29,233 | 44.57% |
| | 12-31-91 | 113,683 | 133,598 | 85.09% | 19,915 | 28,942 | 68.81% |
| | 12-31-90 | 102,017 | 124,943 | 81.65% | 22,926 | 26,991 | 84.94% |
| | 12-31-89 | 90,372 | 115,939 | 77.95% | 25,567 | 24,897 | 102.69% |
| | 12-31-88 | 79,204 | 101,416 | 78.10% | 22,212 | 22,458 | 98.90% |
| | 12-31-87 | 69,587 | 90,114 | 77.22% | 20,527 | 20,762 | 98.87% |
| **Legislative** | 12-31-92 | $ 8,476 | $ 8,005 | 105.88% | $ (471) | $ 2,122 | (22.20%) |
| | 12-31-91 | 7,337 | 7,613 | 96.37% | 276 | 2,106 | 13.11% |
| | 12-31-90 | 6,161 | 6,656 | 92.56% | 495 | 1,868 | 26.50% |
| | 12-31-89 | 4,976 | 6,765 | 73.56% | 1,789 | 1,884 | 94.96% |
| | 12-31-88 | 3,695 | 5,838 | 63.29% | 2,143 | 1,713 | 125.10% |
| | 12-31-87 | 2,766 | 4,891 | 56.55% | 2,125 | 1,680 | 126.49% |
| **Firemen, Rescue Squad Workers'** | 6-30-92 | $ 87,265 | $ 97,533 | 89.47% | $ 10,268 | N/A | N/A |
| | 6-30-91 | 80,453 | 92,828 | 86.67% | 12,375 | N/A | N/A |
| | 6-30-90 | 73,912 | 89,555 | 82.53% | 15,643 | N/A | N/A |
| | 6-30-89 | 67,200 | 85,800 | 78.32% | 18,600 | N/A | N/A |
| | 6-30-88 | 60,496 | 82,416 | 73.40% | 21,920 | N/A | N/A |
| | 6-30-87 | 51,673 | 74,648 | 69.22% | 22,975 | N/A | N/A |
| **National Guard** | 12-31-92 | $ 15,636 | $ 29,241 | 53.47% | $ 13,605 | N/A | N/A |
| | 12-31-91 | 13,561 | 28,414 | 47.73% | 14,853 | N/A | N/A |
| | 12-31-90 | 11,507 | 26,620 | 43.23% | 15,113 | N/A | N/A |
| | 12-31-89 | 9,594 | 25,024 | 38.34% | 15,430 | N/A | N/A |
| | 12-31-88 | 7,506 | 22,784 | 32.94% | 15,278 | N/A | N/A |
| | 12-31-87 | 5,903 | 21,683 | 27.22% | 15,780 | N/A | N/A |
| **Local Governmental Employees'** | 12-31-92 | $ 3,986,769 | $ 3,701,612 | 107.70% | $ (285,157) | $ 2,097,216 | (13.60%) |
| | 12-31-91 | 3,576,973 | 3,326,299 | 107.54% | (250,674) | 1,962,076 | (12.78%) |
| | 12-31-90 | 3,185,753 | 2,927,177 | 108.83% | (258,576) | 1,809,266 | (14.29%) |
| | 12-31-89 | 2,849,018 | 2,641,918 | 107.84% | (207,100) | 1,635,316 | (12.66%) |
| | 12-31-88 | 2,515,369 | 2,323,781 | 108.24% | (191,588) | 1,473,644 | (13.00%) |
| | 12-31-87 | 2,225,723 | 2,090,967 | 106.44% | (134,756) | 1,280,303 | (10.52%) |

N/A - Not applicable

# REQUIRED SUPPLEMENTARY INFORMATION
# SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE
# ALL PENSION TRUST FUNDS

For the Ten-Year Period 1983 to 1992 (January 1 to December 31)

*(Expressed in Thousands)*



## *Teachers' and State Employees' Retirement System*

### Revenues by Source

| Plan Fiscal Year | Contributions: Employee | Contributions: Employer | Service Purchases | Investment Earnings | Miscellaneous | Transfers In | Total Revenues |
|---|---|---|---|---|---|---|---|
| 1992 | $ 351,358 | $ 450,271 | $ 5,177 | $ 1,416,293 | $ 1,222 | $ 4,807 | $ 2,229,128 |
| 1991 | 342,200 | 403,129 | 5,580 | 1,342,873 | 1,101 | 3,863 | 2,098,746 |
| 1990 | 329,186 | 513,043 | 5,752 | 1,148,155 | 796 | 4,561 | 2,001,493 |
| 1989 | 303,042 | 472,204 | 7,283 | 1,149,099 | 727 | 3,842 | 1,936,197 |
| 1988 | 280,384 | 436,899 | 6,182 | 966,015 | 446 | 3,440 | 1,693,366 |
| 1987 | 260,336 | 435,208 | 6,399 | 1,144,640 | 551 | 3,513 | 1,850,647 |
| 1986 | 242,496 | 405,425 | 8,905 | 905,774 | 699 | 2,287 | 1,565,586 |
| 1985 | 222,110 | 371,223 | 6,226 | 746,474 | 1,122 | 134,886 *[A]* | 1,482,041 |
| 1984 | 194,573 | 321,744 | 5,095 | 600,981 | 556 | 1,703 | 1,124,652 |
| 1983 | 178,115 | 289,699 | 4,270 | 526,433 | 572 | 1,003 | 1,000,092 |

### Expenses by Type

| Plan Fiscal Year | Benefit Payments | Administrative Expenses | Refund of Contributions | Other Expenses | Transfers Out | Total Expenses |
|---|---|---|---|---|---|---|
| 1992 | $ 694,670 | $ 2,655 | $ 46,050 | $ 3 | $ 2,100 | $ 745,478 |
| 1991 | 632,077 | 2,858 | 40,201 | 3 | 2,517 | 677,656 |
| 1990 | 579,152 | 2,775 | 43,391 | 16 | 2,625 | 627,959 |
| 1989 | 516,837 | 2,784 | 39,788 | 5 | 1,825 | 561,239 |
| 1988 | 464,754 | 2,795 | 36,278 | 7 | 1,962 | 505,796 |
| 1987 | 419,733 | 2,653 | 35,540 | 1 | 1,558 | 459,485 |
| 1986 | 378,700 | 2,471 | 34,222 | 3 | 1,284 | 416,680 |
| 1985 | 339,165 | 2,334 | 37,166 | - | 1,056 | 379,721 |
| 1984 | 293,576 | 2,200 | 37,204 | 13 | 1,165 | 334,158 |
| 1983 | 259,892 | 1,947 | 36,331 | 8 | 821 | 298,999 |

*[A]* A portion of the Law Enforcement Officers' Retirement System was closed out and merged into the Teachers' and State Employees' Retirement System on January 1, 1985.

### Employer Contributions as a Percentage of Annual Actual Covered Payroll

| *Period Covered* | *Percentage* | *Period Covered* | *Percentage* |
|---|---|---|---|
| 1/1/92 - 6/30/92 | 7.05% | 1987 | 10.03% |
| 7/1/92 - 12/31/92 | 8.35% | 1986 | 10.03% |
| 1991 | 7.07% | 1985 | 10.03% |
| 1990 | 9.35% | 1984 | 10.03% |
| 1989 | 9.35% | 1983 | 10.03% |
| 1988 | 9.35% | | |

**Continued**

# REQUIRED SUPPLEMENTARY INFORMATION
# SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE (Continued)
# ALL PENSION TRUST FUNDS

For the Ten-Year Period 1983 to 1992 (January 1 to December 31)

*(Expressed in Thousands)*



## *Consolidated Judicial Retirement System*

### Revenues by Source

| Plan Fiscal Year | Contributions: Employee | Contributions: Employer | Service Purchases | Investment Earnings | Miscellaneous | Transfers In | Total Revenues |
|---|---|---|---|---|---|---|---|
| 1992 | $ 1,754 | $ 7,198 | $ 47 | $ 10,325 | $ - | $ - | $ 19,324 |
| 1991 | 1,737 | 7,313 | 18 | 9,684 | - | - | 18,752 |
| 1990 | 1,619 | 8,021 | 24 | 8,117 | - | - | 17,781 |
| 1989 | 1,494 | 7,397 | 161 | 8,002 | - | - | 17,054 |
| 1988 | 1,347 | 6,672 | 25 | 6,631 | - | - | 14,675 |
| 1987 | 1,253 | 6,205 | 145 | 7,594 | 2 | - | 15,199 |
| 1986 | 1,159 | 5,739 | 72 | 5,967 | - | - | 12,937 |
| 1985 | 1,102 | 5,456 | 1,275 | 4,800 | 29 | - | 12,662 |
| 1984 | 982 | 4,845 | 1,362 | 3,726 | - | - | 10,915 |
| 1983 | 874 | 4,313 | 29 | 3,083 | - | - | 8,299 |

### Expenses by Type

| Plan Fiscal Year | Benefit Payments | Administrative Expenses | Refund of Contributions | Other Expenses | Total Expenses |
|---|---|---|---|---|---|
| 1992 | $ 7,174 | $ 19 | $ 10 | $ - | $ 7,203 |
| 1991 | 6,889 | 23 | 173 | 2 | 7,087 |
| 1990 | 6,087 | 20 | 28 | - | 6,135 |
| 1989 | 5,818 | 25 | 53 | - | 5,896 |
| 1988 | 5,026 | 16 | 16 | - | 5,058 |
| 1987 | 4,965 | 18 | 139 | 7 | 5,129 |
| 1986 | 4,390 | 17 | 41 | - | 4,448 |
| 1985 | 3,834 | 16 | 70 | - | 3,920 |
| 1984 | 3,173 | 20 | 54 | - | 3,247 |
| 1983 | 2,798 | 22 | 142 | - | 2,962 |

### Employer Contributions as a Percentage of Annual Actual Covered Payroll

| *Period Covered* | *Percentage* | *Period Covered* | *Percentage* |
|---|---|---|---|
| 1/1/92 - 6/30/92 | 25.22% | 1987 | 29.71% |
| 7/1/92 - 12/31/92 | 24.03% | 1986 | 29.71% |
| 1991 | 25.27% | 1985 | 29.71% |
| 1990 | 29.71% | 1984 | 29.71% |
| 1989 | 29.71% | 1983 | 27.84% |
| 1988 | 29.71% | | |

Continued

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE (Continued)
## ALL PENSION TRUST FUNDS

For the Ten-Year Period 1983 to 1992 (January 1 to December 31)

*(Expressed in Thousands)*



### *Legislative Retirement System*

| Plan Fiscal Year | Revenues by Source: Contributions Employee | Contributions Employer | Service Purchases | Investment Earnings | Miscellaneous | Total Revenues |
|---|---|---|---|---|---|---|
| 1992 | $ 149 | $ 643 | $ 14 | $ 667 | $ 1 | $ 1,474 |
| 1991 | 148 | 724 | 44 | 594 | 1 | 1,511 |
| 1990 | 130 | 708 | 186 | 458 | - | 1,482 |
| 1989 | 132 | 683 | 356 | 385 | - | 1,556 |
| 1988 | 120 | 613 | 86 | 287 | - | 1,106 |
| 1987 | 119 | 591 | 10 | 247 | - | 967 |
| 1986 | 102 | 499 | 132 | 154 | - | 887 |
| 1985 | 91 | 448 | 450 | 79 | 27 | 1,095 |
| 1984 | - | - | - | - | - | - |
| 1983 | - | - | - | - | - | - |

| Plan Fiscal Year | Expenses by Type: Benefit Payments | Administrative Expenses | Refund of Contributions | Total Expenses |
|---|---|---|---|---|
| 1992 | $ 329 | $ 2 | $ 4 | $ 335 |
| 1991 | 317 | 2 | 16 | 335 |
| 1990 | 282 | 2 | 13 | 297 |
| 1989 | 246 | 2 | 6 | 254 |
| 1988 | 174 | 2 | 2 | 178 |
| 1987 | 155 | 2 | 8 | 165 |
| 1986 | 114 | 2 | 1 | 117 |
| 1985 | 76 | 1 | 4 | 81 |
| 1984 | - | - | - | - |
| 1983 | - | - | - | - |

**NOTE:** The Legislative Retirement System was established on February 6, 1985.

**Employer Contributions as a Percentage of Annual Actual Covered Payroll**

| *Period Covered* | *Percentage* | *Period Covered* | *Percentage* |
|---|---|---|---|
| 1992 | 30.30% | 1988 | 35.76% |
| 1/1/91-6/30/91 | 38.60% | 1987 | 35.76% |
| 7/1/91-12/31/91 | 30.30% | 1986 | 34.37% |
| 1/1/90-6/30/90 | 37.20% | 1985 | 34.37% |
| 7/1/90-12/31/90 | 38.60% | 1984 | - |
| 1/1/89-6/31/89 | 35.76% | 1983 | - |
| 9/1/89-12/31/89 | 37.20% | | |

Continued

# REQUIRED SUPPLEMENTARY INFORMATION
# SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE (Continued)
# ALL PENSION TRUST FUNDS

For the Ten-Year Period 1983 to 1992 (January 1 to December 31)

*(Expressed in Thousands)*



## *Firemen and Rescue Squad Workers' Pension Fund*

### Revenues by Source

| Plan Fiscal Year [A] | Contributions: Employee | Contributions: State | Investment Earnings | Misc. | Total Revenues |
|---|---|---|---|---|---|
| 1993 | $ 1,390 | $ 5,199 | $ 8,244 | $ - | $ 14,833 |
| 1992 | 1,338 | 5,318 | 7,431 | 18 | 14,105 |
| 1991 | 1,315 | 5,318 | 6,863 | - | 13,496 |
| 1990 | 1,347 | 5,541 | 6,506 | - | 13,394 |
| 1989 | 1,267 | 5,685 | 5,998 | - | 12,950 |
| 1988 | 2,804 | 5,685 | 6,425 | - | 14,914 |
| 1987 | 6,232 | 4,185 | 4,831 | - | 15,248 |
| 1986 | 881 | 1,755 | 4,286 | 21 | 6,943 |
| 1985 | 827 | 2,574 | 3,518 | - | 6,919 |
| 1984 | 1,407 | 2,875 | 2,984 | - | 7,266 |

### Expenses by Type

| Plan Fiscal Year [A] | Benefit Payments | Refund of Contributions | Total Expenses |
|---|---|---|---|
| 1993 | $ 7,223 | $ 333 | $ 7,556 |
| 1992 | 6,963 | 329 | 7,292 |
| 1991 | 6,643 | 312 | 6,955 |
| 1990 | 6,350 | 290 | 6,640 |
| 1989 | 6,003 | 285 | 6,288 |
| 1988 | 5,737 | 354 | 6,091 |
| 1987 | 4,372 | 212 | 4,584 |
| 1986 | 2,797 | 240 | 3,037 |
| 1985 | 2,703 | 160 | 2,863 |
| 1984 | 2,566 | 133 | 2,699 |

## *National Guard Pension Fund*

### Revenues by Source

| Plan Fiscal Year | State Contributions | Investment Earnings | Total Revenues |
|---|---|---|---|
| 1992 | $ 2,115 | $ 1,153 | $ 3,268 |
| 1991 | 2,065 | 1,034 | 3,099 |
| 1990 | 2,025 | 867 | 2,892 |
| 1989 | 2,209 | 747 | 2,956 |
| 1988 | 1,800 | 575 | 2,375 |
| 1987 | 1,800 | 493 | 2,293 |
| 1986 | 1,740 | 353 | 2,093 |
| 1985 | 1,718 | 207 | 1,925 |
| 1984 | 1,718 | 84 | 1,802 |
| 1983 | 532 | 18 | 550 |

### Expenses by Type

| Plan Fiscal Year | Benefit Payments | Administrative Expenses | Total Expenses |
|---|---|---|---|
| 1992 | $ 1,189 | $ 13 | $ 1,202 |
| 1991 | 1,073 | 12 | 1,085 |
| 1990 | 964 | 15 | 979 |
| 1989 | 857 | 11 | 868 |
| 1988 | 761 | 11 | 772 |
| 1987 | 692 | 10 | 702 |
| 1986 | 636 | 10 | 646 |
| 1985 | 607 | 10 | 617 |
| 1984 | 558 | 13 | 571 |
| 1983 | 221 | 2 | 223 |

*[A]* - For the fiscal years ended June 30, 1984 to 1993

State and employee contributions include service purchases and other supplemental funding not based on actuarial requirements.

NOTE: Disclosure of employer contributions as a percentage of annual covered payroll is not applicable for the Firemen and Rescue Squad Workers' and the National Guard Pension Funds since State contributions are not based on annual covered payroll.

Continued

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE (Continued)
## ALL PENSION TRUST FUNDS

For the Ten-Year Period 1983 to 1992 (January 1 to December 31)

*(Expressed in Thousands)*



### *Local Governmental Employees' Retirement System*

**Revenues by Source**

| Plan Fiscal Year | Contributions: Employee | Contributions: Employer | Service Purchases | Investment Earnings | Court Costs | Miscellaneous | Transfers In | Total Revenues |
|---|---|---|---|---|---|---|---|---|
| 1992 | $ 125,833 | $ 114,464 | $ 1,324 | $ 328,909 | $ 4,379 | $ 164 | $ 2,100 | $ 577,173 |
| 1991 | 117,724 | 108,714 | 2,100 | 306,292 | 4,262 | 288 | 2,517 | 541,897 |
| 1990 | 108,555 | 101,643 | 2,944 | 258,129 | 4,301 | 278 | 2,625 | 478,475 |
| 1989 | 98,119 | 93,762 | 2,237 | 255,662 | 4,505 | 74 | 1,825 | 456,184 |
| 1988 | 88,419 | 89,217 | 2,468 | 212,193 | 4,378 | 99 | 1,962 | 398,736 |
| 1987 | 79,988 | 83,507 | 15,440 | 244,538 | 3,982 | 338 | 1,557 | 429,350 |
| 1986 | 72,357 | 79,471 | 1,560 | 196,185 | 1,332 | 294 | 255,138 [A] | 606,337 |
| 1985 | 57,586 | 62,611 | 6,330 | 132,063 | - | 24 | 1,056 | 259,670 |
| 1984 | 52,314 | 56,994 | 758 | 106,703 | - | 68 | 1,165 | 218,002 |
| 1983 | 48,035 | 51,577 | 2,204 | 91,128 | - | 24 | 820 | 193,788 |

**Expenses by Type**

| Plan Fiscal Year | Benefit Payments | Administrative Expenses | Refund of Contributions | Other Expenses | Transfers Out | Total Expenses |
|---|---|---|---|---|---|---|
| 1992 | $ 137,468 | $ 939 | $ 24,163 | $ - | $ 4,807 | $ 167,377 |
| 1991 | 124,359 | 993 | 21,461 | 2 | 3,863 | 150,678 |
| 1990 | 114,409 | 971 | 21,788 | 10 | 4,561 | 141,739 |
| 1989 | 96,795 | 977 | 20,921 | - | 3,842 | 122,535 |
| 1988 | 84,938 | 862 | 19,844 | | 3,440 | 109,090 |
| 1987 | 74,527 | 822 | 18,794 | - | 3,517 | 97,660 |
| 1986 | 63,239 | 848 | 19,518 | 121 | 2,287 | 86,013 |
| 1985 | 45,880 | 665 | 16,250 | - | 1,875 | 64,670 |
| 1984 | 39,230 | 633 | 14,533 | - | 1,660 | 56,056 |
| 1983 | 33,776 | 542 | 12,221 | 2 | 941 | 47,482 |

*[A]* A portion of the Law Enforcement Officers' Retirement System was closed out and merged into the Local Governmental Employees' Retirement System on January 1, 1986.

**Employer Contributions as a Percentage of Annual Actual Covered Payroll**

| *Period Covered* | *Percentage* | *Period Covered* | *Percentage* |
|---|---|---|---|
| 1992 | 5.46% | 1987 | 6.26% |
| 1991 | 5.54% | 1986 | 6.90% |
| 1990 | 5.62% | 1985 | 6.41% |
| 1989 | 5.73% | 1984 | 6.83% |
| 1988 | 6.05% | 1983 | 6.78% |

Continued

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE (Continued)
## ALL PENSION TRUST FUNDS

For the Ten-Year Period 1983 to 1992 (January 1 to December 31)

*(Expressed in Thousands)*



### *Law Enforcement Officers' Retirement System*

| Plan Fiscal Year | Revenues by Source: Contributions Employee | Contributions Employer | Investment Earnings | Court Costs | Miscellaneous | Transfers In | Total Revenues |
|---|---|---|---|---|---|---|---|
| 1992 | | | | | | | N/A |
| 1991 | | | | | | | N/A |
| 1990 | | | | | | | N/A |
| 1989 | | | | | | | N/A |
| 1988 | | | | | | | N/A |
| 1987 | | | | | | | N/A |
| 1986 | | | | | | | N/A |
| 1985 | $ 8,580 | $ 11,684 | $ 33,168 | $ 1,154 | $ 1 | $ - | $ 54,587 |
| 1984 | 11,275 | 18,242 | 37,644 | 1,541 | 1 | 7 | 68,710 |
| 1983 | 10,318 | 17,069 | 33,087 | 2,307 | 2 | 1 | 62,784 |

| Plan Fiscal Year | Expenses by Type: Benefit Payments | Administrative Expenses | Refund of Contributions | Other Expenses | Transfers Out | Total Expenses |
|---|---|---|---|---|---|---|
| 1992 | | | | | | N/A |
| 1991 | | | | | | N/A |
| 1990 | | | | | | N/A |
| 1989 | | | | | | N/A |
| 1988 | | | | | | N/A |
| 1987 | | | | | | N/A |
| 1986 | | | | | | N/A |
| 1985 | $ 8,745 | $ 115 | $ 2,642 | $ - | $ 158,863 *[A]* | $ 170,365 |
| 1984 | 11,839 | 118 | 3,308 | 1 | 6,545 | 21,811 |
| 1983 | 10,347 | 102 | 3,215 | 1 | 64 | 13,729 |

*[A]* The Law Enforcement Officers' Retirement System was closed out and merged into the Teachers' and State Employees' and the Local Governmental Employees' Retirement Systems.

Continued

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE (Continued)
## ALL PENSION TRUST FUNDS
For the Ten-Year Period 1983 to 1992 (January 1 to December 31)



Unless otherwise noted, contributions for the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System, the Firemen and Rescue Squad Workers' Pension Fund, the National Guard Pension Fund, and the Local Governmental Employees' Retirement System were made in accordance with actuarially determined contribution requirements, and there were no changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies or other factors that would significantly affect the information presented in the Required Supplementary Information.

**Teachers' and State Employees' Retirement System**
For 1991, the significant reduction in employer contributions is due primarily to a $52.72 million reduction in required contributions based on revised actuarial assumptions in the December 31, 1990, valuation.

**Firemen and Rescue Squad Workers' Pension Fund**
For 1991, the State's actual contribution of $5.318 million was less than the recommended contribution of $5.404 million due to the reversion of $86 thousand to the State's General Fund to offset budget shortfalls during the fiscal year ended June 30, 1991.

**Law Enforcement Officers' Retirement System**
Employer and employee contributions include service purchases and other supplemental funding not based on actuarial requirements.

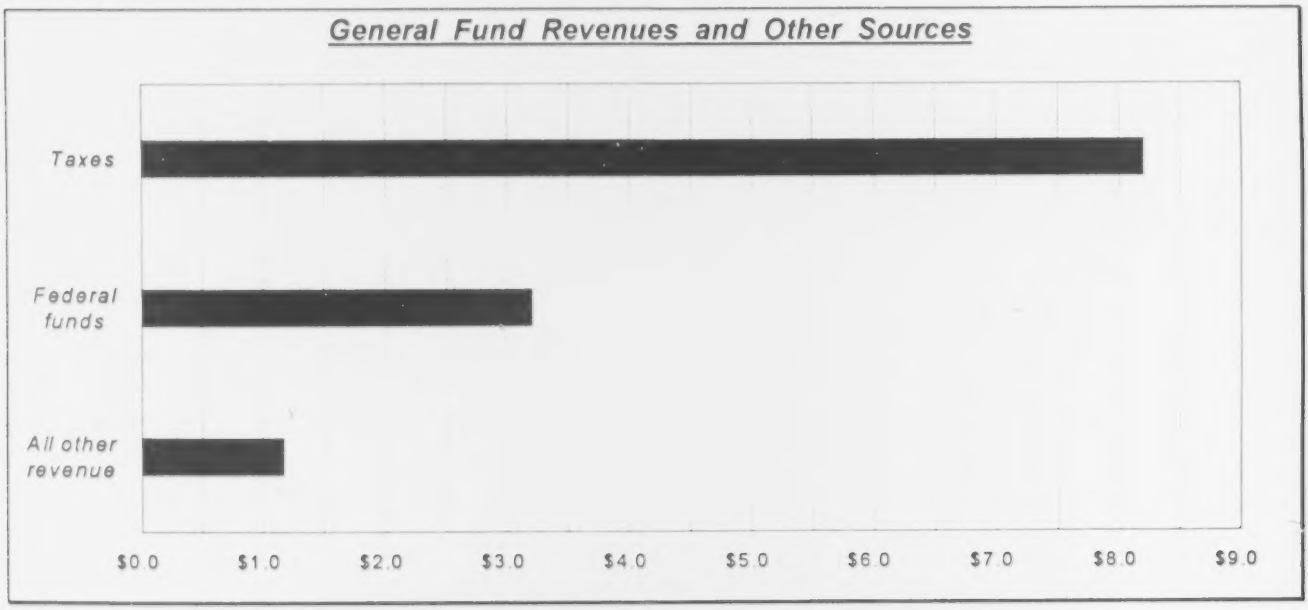
# COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP

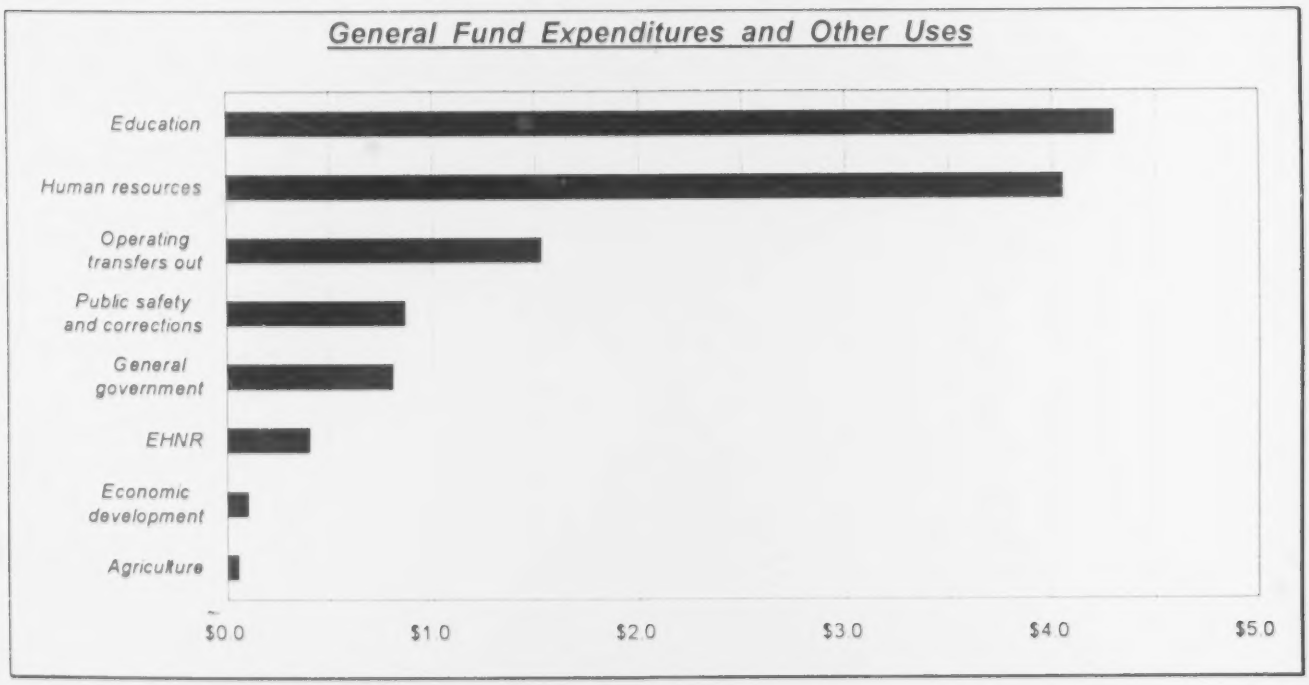
# STATEMENTS AND SCHEDULES

## General Fund

*The General Fund is maintained to account for all financial resources received and used for services traditionally provided by a state government. These services include general government; education; human resources; economic development; environment, health and natural resources; public safety and corrections; agriculture; and any other services not accounted for in another fund.*

***Charts expressed in billions***




***For the year ended June 30, 1993***

# COMPARATIVE BALANCE SHEETS
# GENERAL FUND

June 30, 1993 and 1992 *Exhibit B-1*

*(Expressed in Thousands)*

| | June 30, 1993 | June 30, 1992 |
|---|---|---|
| ***ASSETS*** | | |
| Cash and cash equivalents | $ 874,713 | $ 459,948 |
| Investments | 40,957 | 37,864 |
| Receivables: | | |
| Accounts receivable | 414,582 | 334,427 |
| Intergovernmental receivables | 352,986 | 329,019 |
| Investment earnings | 7,122 | 5,004 |
| Interfund receivables | 23,234 | 18,976 |
| Advance to Enterprise Fund | 22,131 | 19,916 |
| Inventories | 36,775 | 39,641 |
| Total Assets | $ 1,774,500 | $ 1,244,795 |
| ***LIABILITIES AND FUND BALANCE*** | | |
| **Liabilities:** | | |
| Accounts payable and accrued liabilities: | | |
| Accounts payable | $ 53,045 | $ 57,842 |
| Accrued payroll | 126,227 | 120,172 |
| Intergovernmental payables | 363,609 | 322,084 |
| Interfund payables | 79,954 | 77,475 |
| Claims and benefits payable | 333,706 | 325,560 |
| Deposits payable | 29 | 39 |
| Deferred revenue | 136,902 | 107,074 |
| Total Liabilities | 1,093,472 | 1,010,246 |
| **Fund Balance:** | | |
| Reserved | 471,982 | 309,128 |
| Unreserved: | | |
| Undesignated | 209,046 | (74,579) |
| Total Fund Balance | 681,028 | 234,549 |
| Total Liabilities and Fund Balance | $ 1,774,500 | $ 1,244,795 |

# COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND

For the Fiscal Years Ended June 30, 1993 and 1992 *Exhibit B-2*

*(Expressed in Thousands)*

| | June 30, 1993 | June 30, 1992 |
|---|---|---|
| **Revenues:** | | |
| Taxes | $ 8,207,209 | $ 7,590,484 |
| Federal funds | 3,206,169 | 2,902,873 |
| Local funds | 237,329 | 204,414 |
| Investment earnings | 59,148 | 66,764 |
| Sales and services | 2,276 | 24,661 |
| Sale, rental and lease of property | 5,881 | 6,247 |
| Fees, licenses and fines | 232,062 | 209,077 |
| Contributions, gifts and grants | 129,430 | 238,350 |
| Miscellaneous | 83,118 | 42,240 |
| Total revenues | 12,203,622 | 11,285,110 |
| **Expenditures:** | | |
| Current: | | |
| General government | 811,199 | 774,932 |
| Education | 4,304,654 | 4,081,555 |
| Human resources | 4,054,079 | 3,788,786 |
| Economic development | 105,203 | 105,723 |
| Environment, health and natural resources | 406,509 | 338,468 |
| Public safety and corrections | 871,216 | 809,307 |
| Agriculture | 59,997 | 57,316 |
| Total expenditures | 10,612,857 | 9,956,087 |
| Excess revenues over expenditures | 1,590,765 | 1,329,023 |
| **Other Financing Sources (Uses):** | | |
| Operating transfers in | 384,042 | 440,566 |
| Operating transfers out | (1,531,636) | (1,427,611) |
| Transfer to private sector | - | (3,659) |
| Total other financing (uses) | (1,147,594) | (990,704) |
| Excess revenues and other sources over expenditures and other uses | 443,171 | 338,319 |
| Fund balance—July 1 | 234,549 | (111,685) |
| Restatements | 13 | (227) |
| Residual equity transfers in | 4,458 | 6,209 |
| Residual equity transfers out | (299) | - |
| Increase (decrease) in reserve for related assets | (866) | 1,933 |
| Fund balance—June 30 | $ 681,026 | $ 234,549 |

# COMPARATIVE SCHEDULES OF REVENUES BY SOURCE
# GENERAL FUND

For the Fiscal Years Ended June 30, 1993 and 1992 *Exhibit B-3*

*(Expressed in Thousands)*

| | June 30, 1993 | June 30, 1992 |
|---|---|---|
| ***TAX REVENUES*** | | |
| Individual income tax | $ 3,992,536 | $ 3,650,313 |
| Corporate income tax | 710,665 | 643,901 |
| Sales and use tax | 2,363,745 | 2,215,318 |
| Franchise tax | 423,623 | 407,362 |
| Beverage tax | 159,049 | 159,116 |
| Insurance tax | 211,110 | 191,531 |
| Intangible tax | 120,569 | 112,168 |
| Inheritance tax | 89,629 | 87,674 |
| Soft drink tax | 35,087 | 32,289 |
| Tobacco products tax | 43,373 | 41,392 |
| License tax | 27,841 | 29,932 |
| Real estate conveyance tax | 15,742 | 10,952 |
| Gift tax | 13,555 | 7,248 |
| Other taxes | 656 | 1,288 |
| *Total tax revenues* | 8,207,209 | 7,590,484 |
| ***NON-TAX REVENUES*** | | |
| **Federal Funds:** | | |
| Departmental revenues | 3,206,169 | 2,902,873 |
| **Local Funds:** | | |
| Departmental revenues | 237,329 | 204,414 |
| **Investment Earnings:** | | |
| Income from General Fund investments | 77,911 | 56,900 |
| Railroad dividends | 96 | 96 |
| Departmental revenues | 11,080 | 9,674 |
| Other investment earnings | 61 | 94 |
| | 89,148 | 66,764 |
| **Sales and Services:** | | |
| Departmental revenues | 2,276 | 24,661 |
| **Sale, Rental and Lease of Property:** | | |
| Proceeds from sale, rental and lease of property | 190 | 38 |
| Departmental revenues | 6,671 | 6,209 |
| | 6,861 | 6,247 |
| **Fees, Licenses and Fines:** | | |
| Court fines and fees | 76,601 | 71,430 |
| Securities registration fees | 4,709 | 3,783 |
| Banking and investment fees | 3,234 | 2,960 |
| Self insurer fees (Industrial Commission) | 2,894 | 2,398 |
| Corporations licenses and fees | 3,441 | 3,102 |
| Gasoline and oil inspection fees | 1,176 | 1,357 |
| Uniform Commercial Code fees | 913 | 879 |
| Environment, Health and Natural Resources - use fees | - | 1,521 |
| Notary licenses and fees | 657 | 574 |
| Probation supervision fees | 8,770 | 8,412 |
| Elections filing fees | 13 | 218 |
| Department of Insurance fees | 11,173 | 6,987 |
| DWI service and restoration fees | 4,597 | 4,582 |
| Departmental revenues | 109,902 | 98,577 |
| Other non-tax revenues | 4,002 | 2,297 |
| | 232,082 | 209,077 |
| **Contributions, Gifts and Grants:** | | |
| Departmental revenues | 129,430 | 238,350 |
| **Miscellaneous:** | | |
| Local sales and use tax administration | 5,920 | 6,243 |
| Sales tax refunds | 10,811 | 11,193 |
| Departmental revenues | 75,074 | 22,359 |
| Other non-tax revenue | 1,313 | 2,445 |
| | 93,118 | 42,240 |
| *Total non-tax revenues* | 3,996,413 | 3,694,626 |
| Total Revenues | $ 12,203,622 | $ 11,285,110 |

# SCHEDULE OF EXPENDITURES BY FUNCTION AND DEPARTMENT
# GENERAL FUND

For the Fiscal Year Ended June 30, 1993 — *Exhibit B-4*

*(Expressed in Thousands)*

| | | FUNCTION | | | | | | |
|---|---|---|---|---|---|---|---|---|
| DEPARTMENT: | Department Totals | General Government | Education | Human Resources | Economic Development | Environment, Health and Natural Resources | Public Safety and Corrections | Agriculture |
| General Assembly | $ 25,396 | $ 25,396 | $ - | $ - | $ - | $ - | $ - | $ - |
| Governor | 18,422 | 18,422 | - | - | - | - | - | - |
| Lieutenant Governor | 582 | 582 | - | - | - | - | - | - |
| Secretary of State | 5,092 | 5,092 | - | - | - | - | - | - |
| State Auditor | 7,915 | 7,915 | - | - | - | - | - | - |
| State Treasurer | 121,331 | 121,331 | - | - | - | - | - | - |
| State Controller | 7,232 | 7,232 | - | - | - | - | - | - |
| Administration | 51,154 | 51,154 | - | - | - | - | - | - |
| Revenue | 524,978 | 524,978 | - | - | - | - | - | - |
| State Board of Elections | 577 | 577 | - | - | - | - | - | - |
| Cultural Resources | 46,177 | 46,177 | - | - | - | - | - | - |
| Office of Administrative Hearings | 2,153 | 2,153 | - | - | - | - | - | - |
| Administrative Rules Review Commission | 190 | 190 | - | - | - | - | - | - |
| Public Instruction | 3,813,800 | - | 3,813,800 | - | - | - | - | - |
| Community Colleges | 483,334 | - | 483,334 | - | - | - | - | - |
| School of Science and Mathematics | 7,520 | - | 7,520 | - | - | - | - | - |
| Human Resources | 4,054,079 | - | - | 4,054,079 | - | - | - | - |
| Commerce | 105,203 | - | - | - | 105,203 | - | - | - |
| Environment, Health and Natural Resources | 406,509 | - | - | - | - | 406,509 | - | - |
| Judicial | 228,153 | - | - | - | - | - | 228,153 | - |
| Justice | 60,076 | - | - | - | - | - | 60,076 | - |
| Labor | 15,445 | - | - | - | - | - | 15,445 | - |
| Insurance | 22,294 | - | - | - | - | - | 22,294 | - |
| Crime Control and Public Safety | 52,603 | - | - | - | - | - | 52,603 | - |
| Correction | 492,645 | - | - | - | - | - | 492,645 | - |
| Agriculture | 59,997 | - | - | - | - | - | - | 59,997 |
| *Total Expenditures* | $ 10,612,857 | $ 811,199 | $ 4,304,654 | $ 4,054,079 | $ 105,203 | $ 406,509 | $ 871,216 | $ 59,997 |

# COMPARATIVE SCHEDULES OF EXPENDITURES BY CHARACTER AND BY OBJECT GENERAL FUND

For the Fiscal Years Ended June 30, 1993 and 1992 *Exhibit B-5*

*(Expressed in Thousands)*

| | June 30, 1993 | June 30, 1992 |
|---|---|---|
| **Current Operations:** | | |
| Personal services | $ 1,233,457 | $ 1,164,592 |
| Employee benefits | 328,768 | 289,524 |
| Contracted personal services | 90,711 | 80,647 |
| Supplies and materials | 107,524 | 101,673 |
| Travel | 36,856 | 32,210 |
| Communications | 31,455 | 29,230 |
| Utilities | 35,746 | 32,891 |
| Data processing services | 27,940 | 24,453 |
| Other services | 62,120 | 56,434 |
| Rental of property and equipment | 16,196 | 15,273 |
| Other pensions and benefits | 105,106 | 94,250 |
| Other fixed charges | 37,159 | 35,548 |
| Other expenditures | 7,041 | 9,066 |
| Total current operations | 2,120,079 | 1,965,791 |
| **Capital Outlay:** | | |
| Capital outlay | 50,719 | 40,431 |
| **Intergovernmental:** | | |
| Intergovernmental | 5,406,151 | 5,125,789 |
| State aid | 66,514 | 34,492 |
| Public assistance | 2,910,183 | 2,708,459 |
| Other contracts and grants | 57,211 | 81,125 |
| Total intergovernmental | 8,442,059 | 7,949,865 |
| Total Expenditures | $ 10,612,857 | $ 9,956,087 |

## SPECIAL REVENUE FUNDS

*The special revenue funds are maintained to account for those financial resources which are restricted by legal, regulatory or administrative action to finance particular functions or activities of the State.*

The following activities are included in special revenue funds:

**Transportation Funds**
- State Highway Fund
- Highway Trust Fund

**General Government Funds**
- N.C. Housing Trust Fund

**Education Funds**
- Critical School Facility Needs Fund
- Public School Building Capital Fund
- Community Colleges Special Programs Fund
- School of Science and Mathematics Special Grants Fund
- Educational Materials and School Buses Fund

**Human Resources Funds**
- Disability Determination Fund
- N.C. Dual Party Relay System Fund

**Economic Development Funds**
- Employment Security Commission Funds
- Industrial Development Fund
- Employment and Training Administration Fund
- ABC Commission Fund
- Utilities Commission and Public Staff Fund
- Home Investments Partnership Program Fund
- Banking Institution Administration Fund
- Main Street Financial Incentive Fund
- Business Energy Improvement Program Revolving Loan Fund

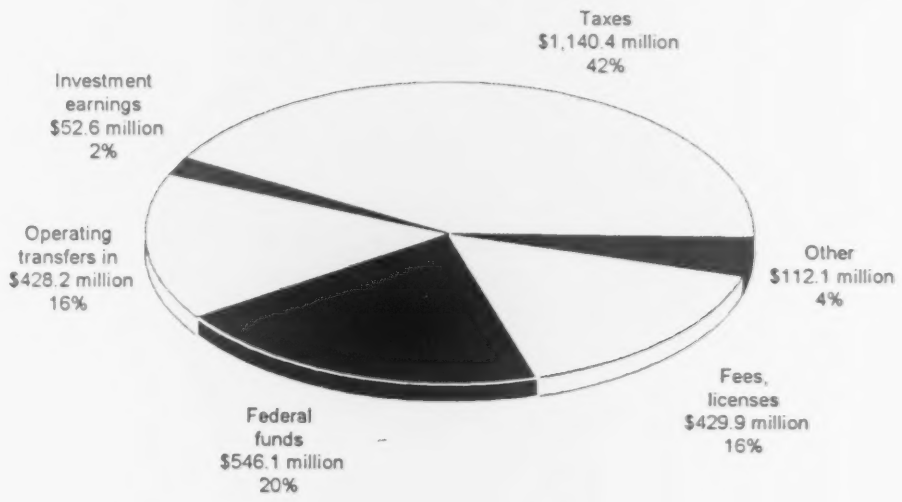
**Environment, Health and Natural Resources Funds**
- Wildlife Resource Commission Fund
- Leaking Petroleum Underground Storage Tank Cleanup Fund
- Water Quality Fees Fund
- Soil and Water Conservation Agricultural Cost Share Fund
- Forest Development Fund
- Clean Air Act Permit Fees Fund
- Clean Water Bonds Fund

**Public Safety and Corrections Funds**
- Highway Patrol Fund

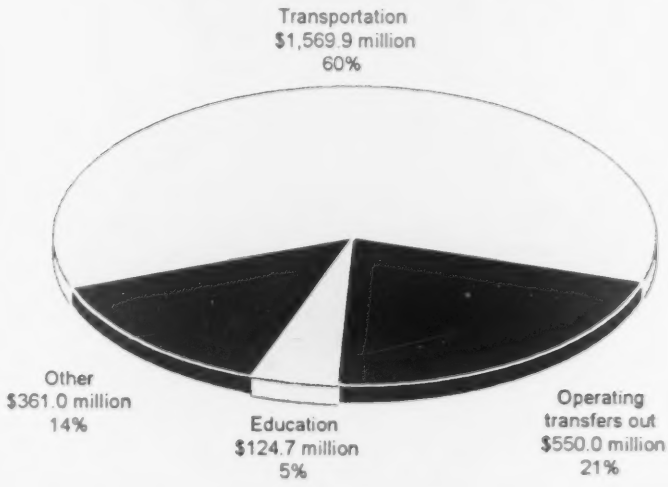
In addition, special activities of General Government which are funded by various State and other governmental grants are accounted for in **Departmental Special Revenue Funds** in many of the activities listed above.

## SPECIAL REVENUE FUNDS

### *Special Revenue Funds — Revenues and Other Sources*
### *For the Year Ended June 30, 1993*




### *Special Revenue Funds — Expenditures and Other Uses*
### *For the Year Ended June 30, 1993*



# COMBINING BALANCE SHEET
# SPECIAL REVENUE FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Transportation Funds | General Government Funds | Education Funds | Human Resources Funds | Economic Development Funds |
|---|---|---|---|---|---|
| ***ASSETS*** | | | | | |
| Cash and cash equivalents | $ 694,580 | $ 24,339 | $ 88,026 | $ 6,118 | $ 39,934 |
| Receivables: | | | | | |
| Accounts receivable | 85,992 | 142 | 7 | 574 | 670 |
| Intergovernmental receivables | 58,223 | 218 | 1,923 | 1,598 | 6,812 |
| Investment earnings | 3,989 | 12 | 416 | 11 | 67 |
| Other receivables | 4,009 | 12 | 44 | 27 | 28 |
| Interfund receivables | 34,670 | 32 | 102 | 335 | 437 |
| Notes receivable | - | 998 | - | - | 3,838 |
| Inventories | 52,674 | - | 6,222 | 100 | 433 |
| Prepaid items | - | - | 16 | - | 54 |
| Sureties | 7,493 | - | - | - | - |
| Total Assets | $ 941,630 | $ 25,753 | $ 96,756 | $ 8,763 | $ 52,273 |
| ***LIABILITIES AND FUND BALANCES*** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable and accrued liabilities: | | | | | |
| Accounts payable | $ 42,670 | $ 238 | $ 30,269 | $ 1,107 | $ 2,119 |
| Accrued payroll | 10,916 | 252 | - | 1,205 | 6,337 |
| Intergovernmental payables | 96,474 | 177 | 81 | 1,257 | - |
| Obligation for workers' compensation | - | - | - | - | 80 |
| Arbitrage rebate payable | - | - | - | - | - |
| Other payables | 8,989 | 11 | - | 7 | 109 |
| Interfund payables | 17,311 | 39 | 258 | 262 | 315 |
| Claims payable | - | 6 | - | - | 27 |
| Deposits payable | 36,665 | - | 378 | - | - |
| Deferred revenue | 3,592 | - | - | 46 | 67 |
| Total Liabilities | 216,617 | 723 | 30,986 | 3,884 | 9,054 |
| **Fund Balances:** | | | | | |
| Reserved | 71,527 | - | 36,201 | 100 | 433 |
| Unreserved: | | | | | |
| Undesignated | 653,486 | 25,030 | 29,569 | 4,779 | 42,786 |
| Total Fund Balances | 725,013 | 25,030 | 65,770 | 4,879 | 43,219 |
| Total Liabilities and Fund Balances | $ 941,630 | $ 25,753 | $ 96,756 | $ 8,763 | $ 52,273 |

*Exhibit C-1*

| Environment, Health and Natural Resources Funds | Public Safety and Corrections Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|
| $ 87,108 | $ 19,237 | $ 959,342 | $ 849,322 |
| 75 | 484 | 87,944 | 73,778 |
| 1,300 | 259 | 70,333 | 47,993 |
| 293 | 43 | 4,831 | 4,442 |
| 666 | 51 | 4,837 | 3,151 |
| 1,327 | 1,193 | 36,096 | 41,573 |
| - | 2,095 | 6,931 | 4,269 |
| 540 | 2,424 | 62,393 | 64,896 |
| - | - | 70 | 4,202 |
| 4,908 | - | 12,401 | 8,282 |
| $ 96,217 | $ 25,786 | $ 1,247,178 | $ 1,101,908 |
| $ 2,251 | $ 1,526 | $ 60,180 | $ 66,891 |
| 1,352 | 6,511 | 26,573 | 19,387 |
| - | 389 | 96,378 | 92,454 |
| - | - | 80 | 22 |
| - | - | - | 1,273 |
| 66 | 38 | 9,220 | 6,139 |
| 20 | 113 | 18,318 | 18,467 |
| 1 | - | 34 | 44 |
| 4,908 | - | 41,951 | 32,200 |
| - | 1,566 | 5,271 | 3,769 |
| 8,598 | 10,143 | 280,005 | 240,646 |
| 540 | 4,519 | 113,320 | 123,034 |
| 87,079 | 11,124 | 853,853 | 738,228 |
| 87,619 | 15,643 | 967,173 | 861,262 |
| $ 96,217 | $ 25,786 | $ 1,247,178 | $ 1,101,908 |

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Transportation Funds | General Government Funds | Education Funds | Human Resources Funds | Economic Development Funds |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Taxes | $ 1,139,428 | $ 938 | $ - | $ - | $ - |
| Federal funds | 385,500 | 6,850 | 173 | 24,576 | 122,148 |
| Local funds | 24,738 | 1 | 705 | 108 | 6,414 |
| Investment earnings | 41,750 | 1,115 | 5,506 | 105 | 587 |
| Interest earned on loans | - | 38 | - | - | - |
| Sales and services | 2,603 | 1,973 | 20,999 | 1,456 | 189 |
| Sale, rental and lease of property | - | - | - | 553 | - |
| Fees, licenses and fines | 340,803 | 1,248 | 1,084 | 16 | 25,973 |
| Contributions, gifts and grants | 22,370 | 136 | 353 | 243 | 184 |
| Miscellaneous | 13,419 | 183 | 871 | 4,133 | 647 |
| Total revenues | 1,970,611 | 12,482 | 29,691 | 31,190 | 156,142 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | - | 14,308 | - | - | - |
| Education | - | - | 124,727 | - | - |
| Human resources | - | - | - | 36,696 | - |
| Economic development | - | - | - | - | 155,939 |
| Environment, health and natural resources | - | - | - | - | - |
| Public safety and corrections | - | - | - | - | - |
| Transportation | 1,569,932 | - | - | - | - |
| Total expenditures | 1,569,932 | 14,308 | 124,727 | 36,696 | 155,939 |
| Excess revenues over (under) expenditures | 400,679 | (1,826) | (95,036) | (5,506) | 203 |
| **Other Financing Sources (Uses):** | | | | | |
| Operating transfers in | 153,229 | 4,915 | 101,015 | 8,264 | 31,031 |
| Operating transfers out | (487,602) | (54) | (15,848) | (1,841) | (20,139) |
| Total other financing sources (uses) | (334,373) | 4,861 | 85,167 | 6,423 | 10,892 |
| Excess revenues and other sources over (under) expenditures and other uses | 66,306 | 3,035 | (9,869) | 917 | 11,095 |
| Fund balances—July 1 | 659,181 | 21,833 | 75,422 | 3,959 | 31,759 |
| Restatements | - | - | - | - | 341 |
| Residual equity transfers in | - | 184 | - | - | - |
| Residual equity transfers out | - | (22) | - | - | - |
| Increase (decrease) in reserve for related assets | (474) | - | 217 | 3 | 24 |
| Fund balances—June 30 | $ 725,013 | $ 25,030 | $ 65,770 | $ 4,879 | $ 43,219 |

*Exhibit C-2*

| Environment, Health and Natural Resources Funds | Public Safety and Corrections Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|
| $ - | $ - | $ 1,140,398 | $ 1,113,000 |
| 5,890 | 945 | 646,052 | 476,407 |
| 126 | (123) | 31,968 | 29,405 |
| 3,128 | 394 | 62,585 | 54,108 |
| - | - | 36 | 18 |
| 1,108 | 1,329 | 29,657 | 8,467 |
| 41 | 4 | 586 | 492 |
| 41,965 | 18,819 | 429,905 | 412,162 |
| 822 | 654 | 24,762 | 21,010 |
| 780 | 5,103 | 25,139 | 26,050 |
| 53,860 | 27,125 | 2,281,101 | 2,141,119 |
| | | | |
| - | - | 14,306 | 11,797 |
| - | - | 124,727 | 107,299 |
| - | - | 36,696 | 35,849 |
| - | - | 165,939 | 137,147 |
| 51,532 | - | 51,532 | 52,874 |
| - | 102,492 | 102,492 | 94,236 |
| - | - | 1,559,932 | 1,449,123 |
| 51,532 | 102,492 | 2,055,626 | 1,888,325 |
| 2,328 | (75,367) | 225,475 | 252,794 |
| | | | |
| 34,414 | 95,364 | 428,232 | 283,331 |
| (9,222) | (15,283) | (549,980) | (445,527) |
| 25,192 | 80,081 | (121,757) | (162,196) |
| | | | |
| 27,520 | 4,714 | 103,716 | 90,598 |
| 60,242 | 8,866 | 881,282 | 808,966 |
| - | - | 341 | (34,873) |
| - | - | 184 | - |
| - | - | (22) | (36) |
| (143) | 2,063 | 1,690 | (3,393) |
| $ 87,619 | $ 15,643 | $ 987,173 | $ 861,262 |

## COMBINING BALANCE SHEET
## SPECIAL REVENUE FUNDS
## TRANSPORTATION FUNDS

June 30, 1993 (With Comparative Totals for 1992) *Exhibit C-3*

*(Expressed in Thousands)*

| | State Highway Fund | Highway Trust Fund | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Cash and cash equivalents | $ 259,728 | $ 434,852 | $ 694,580 | $ 627,652 |
| Receivables: | | | | |
| Accounts receivable | 64,586 | 21,406 | 85,992 | 71,603 |
| Intergovernmental receivables | 56,897 | 1,326 | 58,223 | 44,812 |
| Investment earnings | 1,720 | 2,269 | 3,989 | 3,663 |
| Other receivables | 4,009 | - | 4,009 | 2,708 |
| Interfund receivables | 34,670 | - | 34,670 | 35,294 |
| Inventories | 52,674 | - | 52,674 | 55,257 |
| Prepaid items | - | - | - | 4,118 |
| Sureties | 7,493 | - | 7,493 | 3,560 |
| Total Assets | $ 481,777 | $ 459,853 | $ 941,630 | $ 848,667 |
| ***LIABILITIES AND FUND BALANCES*** | | | | |
| **Liabilities:** | | | | |
| Accounts payable and accrued liabilities: | | | | |
| Accounts payable | $ 40,258 | $ 2,412 | $ 42,670 | $ 37,437 |
| Accrued payroll | 10,916 | - | 10,916 | 9,188 |
| Intergovernmental payables | 72,664 | 23,810 | 96,474 | 89,879 |
| Other payables | 7,890 | 1,099 | 8,989 | 5,727 |
| Interfund payables | 1,667 | 15,644 | 17,311 | 17,531 |
| Deposits payable | 36,616 | 49 | 36,665 | 27,305 |
| Deferred revenue | 3,592 | - | 3,592 | 2,419 |
| Total Liabilities | 173,603 | 43,014 | 216,617 | 189,486 |
| **Fund Balances:** | | | | |
| Reserved | 71,527 | - | 71,527 | 82,273 |
| Unreserved: | | | | |
| Undesignated | 236,647 | 416,839 | 653,486 | 576,908 |
| Total Fund Balances | 308,174 | 416,839 | 725,013 | 659,181 |
| Total Liabilities and Fund Balances | $ 481,777 | $ 459,853 | $ 941,630 | $ 848,667 |

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—SPECIAL REVENUE FUNDS TRANSPORTATION FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit C-4*

*(Expressed in Thousands)*

| | State Highway Fund | Highway Trust Fund | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ 651,123 | $ 488,305 | $ 1,139,428 | $ 1,109,764 |
| Federal funds | 385,500 | - | 385,500 | 333,203 |
| Local funds | 22,010 | 2,728 | 24,738 | 22,361 |
| Investment earnings | 17,634 | 24,116 | 41,750 | 42,660 |
| Sales and services | 2,603 | - | 2,603 | - |
| Fees, licenses and fines | 278,473 | 62,330 | 340,803 | 330,400 |
| Contributions, gifts and grants | 22,370 | - | 22,370 | 19,110 |
| Miscellaneous | 13,405 | 14 | 13,419 | 15,581 |
| Total revenues | 1,393,118 | 577,493 | 1,970,611 | 1,873,079 |
| **Expenditures:** | | | | |
| Current: | | | | |
| Transportation | 1,409,910 | 160,022 | 1,569,932 | 1,449,123 |
| Total expenditures | 1,409,910 | 160,022 | 1,569,932 | 1,449,123 |
| Excess revenues over (under) expenditures | (16,792) | 417,471 | 400,679 | 423,956 |
| **Other Financing Sources (Uses):** | | | | |
| Operating transfers in | 153,229 | - | 153,229 | 49,902 |
| Operating transfers out | (175,436) | (312,166) | (487,602) | (380,600) |
| Total other financing sources (uses) | (22,207) | (312,166) | (334,373) | (330,698) |
| Excess revenues and other sources over (under) expenditures and other uses | (38,999) | 105,305 | 66,306 | 93,258 |
| Fund balances—July 1 | 347,647 | 311,534 | 659,181 | 606,747 |
| Restatements | - | - | - | (38,398) |
| Increase (decrease) in reserve for related assets | (474) | - | (474) | (2,426) |
| Fund balances—June 30 | $ 308,174 | $ 416,839 | $ 725,013 | $ 659,181 |

# COMBINING BALANCE SHEET
# SPECIAL REVENUE FUNDS
# GENERAL GOVERNMENT FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*Exhibit C-5*

*(Expressed in Thousands)*

| | N.C. Housing Trust Fund | Departmental Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Cash and cash equivalents | $ 17,354 | $ 6,985 | $ 24,339 | $ 20,994 |
| Receivables: | | | | |
| Accounts receivable | - | 142 | 142 | 450 |
| Intergovernmental receivables | - | 218 | 218 | 279 |
| Investment earnings | 12 | - | 12 | 13 |
| Other receivables | - | 12 | 12 | 38 |
| Interfund receivables | - | 32 | 32 | 65 |
| Notes receivable | 998 | - | 998 | 702 |
| Total Assets | $ 18,364 | $ 7,389 | $ 25,753 | $ 22,541 |
| ***LIABILITIES AND FUND BALANCES*** | | | | |
| **Liabilities:** | | | | |
| Accounts payable and accrued liabilities: | | | | |
| Accounts payable | $ - | $ 238 | $ 238 | $ 45 |
| Accrued payroll | - | 252 | 252 | 204 |
| Intergovernmental payables | - | 177 | 177 | 298 |
| Other payables | - | 11 | 11 | 13 |
| Interfund payables | - | 39 | 39 | 138 |
| Claims and benefits payable | - | 6 | 6 | 10 |
| Total Liabilities | - | 723 | 723 | 708 |
| **Fund Balances:** | | | | |
| Unreserved: | | | | |
| Undesignated | 18,364 | 6,666 | 25,030 | 21,833 |
| Total Fund Balances | 18,364 | 6,666 | 25,030 | 21,833 |
| Total Liabilities and Fund Balances | $ 18,364 | $ 7,389 | $ 25,753 | $ 22,541 |

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—SPECIAL REVENUE FUNDS GENERAL GOVERNMENT FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit C-6*

*(Expressed in Thousands)*

| | N.C. Housing Trust Fund | Departmental Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ - | $ 938 | $ 938 | $ 3,236 |
| Federal funds | - | 6,850 | 6,850 | 4,601 |
| Local funds | - | 1 | 1 | - |
| Investment earnings | 1,088 | 27 | 1,115 | 1,442 |
| Interest earned on loans | 38 | - | 38 | 18 |
| Sales and services | - | 1,973 | 1,973 | 1,027 |
| Fees, licenses and fines | - | 1,248 | 1,248 | 1,930 |
| Contributions, gifts and grants | - | 136 | 136 | 100 |
| Miscellaneous | - | 183 | 183 | 217 |
| Total revenues | 1,126 | 11,356 | 12,482 | 12,571 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | 3,048 | 11,260 | 14,308 | 11,797 |
| Total expenditures | 3,048 | 11,260 | 14,308 | 11,797 |
| Excess revenues over (under) expenditures | (1,922) | 96 | (1,826) | 774 |
| **Other Financing Sources (Uses):** | | | | |
| Operating transfers in | 4,000 | 915 | 4,915 | 808 |
| Operating transfers out | - | (54) | (54) | (1,040) |
| Total other financing sources (uses) | 4,000 | 861 | 4,861 | (232) |
| Excess revenues and other sources over (under) expenditures and other uses | 2,078 | 957 | 3,035 | 542 |
| Fund balances—July 1 | 16,286 | 5,547 | 21,833 | 21,291 |
| Residual equity transfers in | - | 184 | 184 | - |
| Residual equity transfers out | - | (22) | (22) | - |
| Fund balances—June 30 | $ 18,364 | $ 6,666 | $ 25,030 | $ 21,833 |

## COMBINING BALANCE SHEET
## SPECIAL REVENUE FUNDS
## EDUCATION FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Critical School Facility Needs Fund | Public School Building Capital Fund | Community Colleges Special Programs Fund | School of Science and Mathematics Special Grants Fund | Educational Materials and School Buses Fund | Departmental Funds |
|---|---|---|---|---|---|---|
| ***ASSETS*** | | | | | | |
| Cash and cash equivalents | $ 17,253 | $ 59,771 | $ 2,745 | $ 43 | $ 7,048 | $ 1,166 |
| Receivables: | | | | | | |
| Accounts receivable | - | - | - | - | 7 | - |
| Intergovernmental receivables | - | - | - | - | 1,923 | - |
| Investment earnings | 92 | 321 | - | - | - | 3 |
| Other receivables | - | - | - | 44 | - | - |
| Interfund receivables | - | - | - | - | 5 | 97 |
| Inventories | - | - | - | - | 6,222 | - |
| Prepaid items | - | - | - | - | 16 | - |
| Total Assets | $ 17,345 | $ 60,092 | $ 2,745 | $ 87 | $ 15,221 | $ 1,266 |
| ***LIABILITIES AND FUND BALANCES*** | | | | | | |
| **Liabilities:** | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | |
| Accounts payable | $ - | $ - | $ - | $ 2 | $ 30,219 | $ 48 |
| Accrued payroll | - | - | - | - | - | - |
| Intergovernmental payables | - | - | 5 | 33 | 43 | - |
| Interfund payables | - | - | - | 27 | 43 | 188 |
| Deposits payable | - | - | - | - | - | 378 |
| Deferred revenue | - | - | - | - | - | - |
| Total Liabilities | - | - | 5 | 62 | 30,305 | 614 |
| **Fund Balances:** | | | | | | |
| Reserved | 10,180 | 19,783 | - | - | 6,238 | - |
| Unreserved: | | | | | | |
| Undesignated | 7,165 | 40,309 | 2,740 | 25 | (21,322) | 652 |
| Total Fund Balances | 17,345 | 60,092 | 2,740 | 25 | (15,084) | 652 |
| Total Liabilities and Fund Balances | $ 17,345 | $ 60,092 | $ 2,745 | $ 87 | $ 15,221 | $ 1,266 |

*Exhibit C-7*

| Totals | |
|---|---|
| June 30, 1993 | June 30, 1992 |
| [redacted] | $ 92,541 |
| 7 | 7 |
| 1,823 | 719 |
| 416 | 493 |
| 44 | 37 |
| 102 | 94 |
| 6,222 | 5,995 |
| 16 | 26 |
| $ 96,756 | $ 99,912 |
| | |
| $ 30,269 | $ 23,964 |
| - | 18 |
| 81 | 186 |
| 258 | 144 |
| 378 | 174 |
| - | 4 |
| 30,986 | 24,490 |
| | |
| 35,201 | 35,736 |
| | |
| 29,583 | 39,686 |
| 65,770 | 75,422 |
| $ 96,756 | $ 99,912 |

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—SPECIAL REVENUE FUNDS EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Critical School Facility Needs Fund | Public School Building Capital Fund | Community Colleges Special Programs Fund | School of Science and Mathematics Special Grants Fund | Educational Materials and School Buses Fund | Departmental Funds |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Federal funds | $ - | $ - | $ - | $ 173 | $ - | $ - |
| Local funds | - | - | - | - | 660 | 45 |
| Investment earnings | 1,279 | 4,208 | - | - | - | 19 |
| Sales and services | - | - | - | - | 20,999 | - |
| Fees, licenses and fines | - | - | 21 | 7 | 597 | 459 |
| Contributions, gifts and grants | - | - | - | 332 | - | 21 |
| Miscellaneous | - | - | - | 3 | 484 | 384 |
| Total revenues | 1,279 | 4,208 | 21 | 515 | 22,740 | 928 |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| Education | 16,136 | 38,940 | 724 | 517 | 68,274 | 136 |
| Total expenditures | 16,136 | 38,940 | 724 | 517 | 68,274 | 136 |
| Excess revenues over (under) expenditures | (14,857) | (34,732) | (703) | (2) | (45,534) | 792 |
| **Other Financing Sources (Uses):** | | | | | | |
| Operating transfers in | 12,000 | 32,340 | 14,044 | - | 41,345 | 1,286 |
| Operating transfers out | (16) | (295) | (13,176) | - | (628) | (1,733) |
| Total other financing sources (uses) | 11,984 | 32,045 | 868 | - | 40,717 | (447) |
| Excess revenues and other sources over (under) expenditures and other uses | (2,873) | (2,687) | 165 | (2) | (4,817) | 345 |
| Fund balances—July 1 | 20,218 | 62,779 | 2,575 | 27 | (10,484) | 307 |
| Increase (decrease) in reserve for related assets | - | - | - | - | 217 | - |
| Fund balances—June 30 | $ 17,345 | $ 60,092 | $ 2,740 | $ 25 | $ (15,084) | $ 652 |

*Exhibit C-8*

| Totals | |
|---|---|
| June 30, 1993 | June 30, 1992 |
| $ 173 | $ 35 |
| 705 | 16 |
| 5,506 | 7,377 |
| 20,999 | 3,855 |
| 1,084 | 1,000 |
| 353 | 345 |
| 871 | 935 |
| 29,691 | 13,563 |
| | |
| 124,727 | 107,299 |
| 124,727 | 107,299 |
| (95,036) | (93,736) |
| 101,015 | 73,649 |
| (15,848) | (13,711) |
| 85,167 | 59,938 |
| (9,869) | (33,798) |
| 75,422 | 109,220 |
| 217 | - |
| $ 65,770 | $ 75,422 |

## COMBINING BALANCE SHEET
## SPECIAL REVENUE FUNDS
## HUMAN RESOURCES FUNDS

June 30, 1993 (With Comparative Totals for 1992) *Exhibit C-9*

*(Expressed in Thousands)*

| | Disability Determination Fund | N.C. Dual Party Relay System Fund | Departmental Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|
| *ASSETS* | | | | | |
| Cash and cash equivalents | $ - | $ 2,359 | $ 3,759 | $ 6,118 | $ 5,343 |
| Receivables: | | | | | |
| Accounts receivable | - | 335 | 239 | 574 | 421 |
| Intergovernmental receivables | 1,598 | - | - | 1,598 | - |
| Investment earnings | - | 11 | - | 11 | 6 |
| Other receivables | - | - | 27 | 27 | 41 |
| Interfund receivables | 324 | - | 11 | 335 | 2,351 |
| Inventories | 52 | - | 48 | 100 | 97 |
| Total Assets | $ 1,974 | $ 2,705 | $ 4,084 | $ 8,763 | $ 8,259 |
| *LIABILITIES AND FUND BALANCES* | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable and accrued liabilities: | | | | | |
| Accounts payable | $ 550 | $ 227 | $ 330 | $ 1,107 | $ 1,330 |
| Accrued payroll | 1,156 | - | 49 | 1,205 | 1,230 |
| Intergovernmental payables | - | - | 1,257 | 1,257 | 1,396 |
| Other payables | - | - | 7 | 7 | 10 |
| Interfund payables | 111 | - | 151 | 262 | 202 |
| Deferred revenue | - | - | 46 | 46 | 132 |
| Total Liabilities | 1,817 | 227 | 1,840 | 3,884 | 4,300 |
| **Fund Balances:** | | | | | |
| Reserved | 52 | - | 48 | 100 | 97 |
| Unreserved: | | | | | |
| Undesignated | 105 | 2,478 | 2,196 | 4,779 | 3,862 |
| Total Fund Balances | 157 | 2,478 | 2,244 | 4,879 | 3,959 |
| Total Liabilities and Fund Balances | $ 1,974 | $ 2,705 | $ 4,084 | $ 8,763 | $ 8,259 |

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—SPECIAL REVENUE FUNDS HUMAN RESOURCES FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit C-10*

*(Expressed in Thousands)*

| | Disability Determination Fund | N.C. Dual Party Relay System Fund | Departmental Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Federal funds | $ 23,386 | $ - | $ 1,190 | $ 24,576 | $ 26,165 |
| Local funds | - | - | 108 | 108 | 16 |
| Investment earnings | - | 105 | - | 105 | 110 |
| Sales and services | - | - | 1,456 | 1,456 | 1,242 |
| Sale, rental and lease of property | - | - | 553 | 553 | 456 |
| Fees, licenses and fines | - | - | 16 | 16 | 19 |
| Contributions, gifts and grants | - | - | 243 | 243 | 307 |
| Miscellaneous | - | 4,014 | 119 | 4,133 | 4,241 |
| Total revenues | 23,386 | 4,119 | 3,685 | 31,190 | 32,556 |
| **Expenditures:** | | | | | |
| Current: | | | - | | |
| Human resources | 25,190 | 2,835 | 8,671 | 36,696 | 35,849 |
| Total expenditures | 25,190 | 2,835 | 8,671 | 36,696 | 35,849 |
| Excess revenues over (under) expenditures | (1,804) | 1,284 | (4,986) | (5,506) | (3,293) |
| **Other Financing Sources (Uses):** | | | | | |
| Operating transfers in | 3,301 | - | 4,963 | 8,264 | 6,117 |
| Operating transfers out | (1,534) | (25) | (282) | (1,841) | (2,294) |
| Total other financing sources (uses) | 1,767 | (25) | 4,681 | 6,423 | 3,823 |
| Excess revenues and other sources over (under) expenditures and other uses | (37) | 1,259 | (305) | 917 | 530 |
| Fund balances—July 1 | 188 | 1,219 | 2,552 | 3,959 | 3,426 |
| Increase (decrease) in reserve for related assets | 6 | - | (3) | 3 | 3 |
| Fund balances—June 30 | $ 157 | $ 2,478 | $ 2,244 | $ 4,879 | $ 3,959 |

# COMBINING BALANCE SHEET
# SPECIAL REVENUE FUNDS
# ECONOMIC DEVELOPMENT FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Employment Security Commission Funds | Industrial Development Fund | Employment and Training Administration Fund | ABC Commission Fund | Utilities Commission and Public Staff Fund | Home Investments Partnership Program Fund |
|---|---|---|---|---|---|---|
| ***ASSETS*** | | | | | | |
| Cash and cash equivalents | $ 9,387 | $ 6,175 | $ 1,477 | $ 444 | $ 11,587 | $ 2,300 |
| Receivables: | | | | | | |
| Accounts receivable | 60 | 34 | 139 | 393 | 10 | - |
| Intergovernmental receivables | 6,556 | - | 172 | - | 11 | 49 |
| Investment earnings | - | - | - | - | 64 | - |
| Other receivables | 28 | - | - | - | - | - |
| Interfund receivables | 437 | - | - | - | - | - |
| Notes receivable | - | 2,403 | - | - | - | - |
| Inventories | 405 | - | - | 19 | 8 | - |
| Prepaid items | 54 | - | - | - | - | - |
| Total Assets | $ 16,927 | $ 8,612 | $ 1,788 | $ 856 | $ 11,680 | $ 2,349 |
| ***LIABILITIES AND FUND BALANCES*** | | | | | | |
| **Liabilities:** | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | |
| Accounts payable | $ 1,901 | $ 60 | $ 17 | $ 39 | $ 28 | $ 49 |
| Accrued payroll | 5,110 | - | 133 | 110 | 566 | - |
| Intergovernmental payables | - | - | - | - | - | - |
| Obligation for workers' compensation | 80 | - | - | - | - | - |
| Other payables | 77 | - | 3 | 1 | 3 | - |
| Interfund payables | 300 | - | 6 | - | - | - |
| Claims payable | 27 | - | - | - | - | - |
| Deferred revenue | - | - | 30 | - | - | - |
| Total Liabilities | 7,495 | 60 | 189 | 150 | 597 | 49 |
| **Fund Balances:** | | | | | | |
| Reserved | 405 | - | - | 19 | 8 | - |
| Unreserved: | | | | | | |
| Undesignated | 9,027 | 8,552 | 1,599 | 687 | 11,075 | 2,300 |
| Total Fund Balances | 9,432 | 8,552 | 1,599 | 706 | 11,083 | 2,300 |
| Total Liabilities and Fund Balances | $ 16,927 | $ 8,612 | $ 1,788 | $ 856 | $ 11,680 | $ 2,349 |

*Exhibit C-11*

| Banking Institution Administration Fund | Main Street Financial Incentive Fund | Business Energy Improvement Program Revolving Loan Fund | Departmental Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|
| $ 6,007 | $ 488 | $ 792 | $ 1,277 | **$ 39,934** | $ 30,196 |
| 1 | - | - | 33 | **670** | 499 |
| - | - | - | 24 | **6,812** | 897 |
| - | 3 | - | - | **67** | 48 |
| - | - | - | - | **28** | 96 |
| - | - | - | - | **437** | 239 |
| - | - | 1,435 | - | **3,838** | 3,481 |
| - | - | - | 1 | **433** | 408 |
| - | - | - | - | **54** | 58 |
| $ 6,008 | $ 491 | $ 2,227 | $ 1,335 | **$ 52,273** | $ 35,922 |
| $ 20 | $ - | $ - | $ 5 | **$ 2,119** | $ 2,121 |
| 237 | - | - | 181 | **6,337** | 1,224 |
| - | - | - | - | **-** | 362 |
| - | - | - | - | **80** | 22 |
| 17 | - | - | 8 | **109** | 121 |
| - | - | - | 9 | **315** | 251 |
| - | - | - | - | **27** | 30 |
| - | - | - | 37 | **67** | 32 |
| 274 | - | - | 240 | **9,054** | 4,163 |
| - | - | - | 1 | **433** | 408 |
| 5,734 | 491 | 2,227 | 1,094 | **42,786** | 31,351 |
| 5,734 | 491 | 2,227 | 1,095 | **43,219** | 31,759 |
| $ 6,008 | $ 491 | $ 2,227 | $ 1,335 | **$ 52,273** | $ 35,922 |

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—SPECIAL REVENUE FUNDS ECONOMIC DEVELOPMENT FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Employment Security Commission Funds | Industrial Development Fund | Employment and Training Administration Fund | ABC Commission Fund | Utilities Commission and Public Staff Fund | Home Investments Partnership Program Fund |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Federal funds | $ 69,158 | $ - | $ 51,132 | $ - | $ 138 | $ 1,636 |
| Local funds | 6,414 | - | - | - | - | - |
| Investment earnings | - | 24 | - | - | 516 | - |
| Sales and services | - | - | - | 140 | 33 | - |
| Fees, licenses and fines | 2,157 | - | - | 5,514 | 11,125 | - |
| Contributions, gifts and grants | - | - | - | - | - | - |
| Miscellaneous | 218 | - | 84 | - | 282 | - |
| Total revenues | 77,947 | 24 | 51,216 | 5,654 | 12,094 | 1,636 |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| Economic development | 86,989 | 801 | 47,368 | 4,857 | 7,468 | 1,625 |
| Total expenditures | 86,989 | 801 | 47,368 | 4,857 | 7,468 | 1,625 |
| Excess revenues over (under) expenditures | (9,042) | (777) | 3,848 | 797 | 4,626 | 11 |
| **Other Financing Sources (Uses):** | | | | | | |
| Operating transfers in | 24,028 | 1,500 | 2,519 | - | - | 2,300 |
| Operating transfers out | (12,882) | - | (6,245) | (394) | (126) | (11) |
| Total other financing sources (uses) | 11,146 | 1,500 | (3,726) | (394) | (126) | 2,289 |
| Excess revenues and other sources over (under) expenditures and other uses | 2,104 | 723 | 122 | 403 | 4,500 | 2,300 |
| Fund balances—July 1 | 7,291 | 7,488 | 1,477 | 311 | 6,588 | - |
| Restatements | - | 341 | - | - | - | - |
| Increase (decrease) in reserve for related assets | 37 | - | - | (8) | (5) | - |
| Fund balances—June 30 | $ 9,432 | $ 8,552 | $ 1,599 | $ 706 | $ 11,083 | $ 2,300 |

*Exhibit C-12*

| Banking Institution Administration Fund | Main Street Financial Incentive Fund | Business Energy Improvement Program Revolving Loan Fund | Departmental Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|
| $ - | $ - | $ - | $ 84 | [illegible] | $ 104,670 |
| - | - | - | - | [illegible] | 7,012 |
| - | 43 | - | 4 | [illegible] | 564 |
| 2 | - | - | 14 | [illegible] | 194 |
| 4,160 | - | - | 3,017 | [illegible] | 21,912 |
| 184 | - | - | - | [illegible] | 147 |
| 1 | - | 57 | 5 | [illegible] | 394 |
| 4,347 | 43 | 57 | 3,124 | [illegible] | 134,893 |
| 3,823 | - | 8 | 3,000 | [illegible] | 137,147 |
| 3,823 | - | 8 | 3,000 | [illegible] | 137,147 |
| 524 | 43 | 49 | 124 | [illegible] | (2,254) |
| - | - | 484 | 200 | [illegible] | 35,305 |
| (54) | (276) | - | (151) | [illegible] | (28,351) |
| (54) | (276) | 484 | 49 | [illegible] | 6,954 |
| 470 | (233) | 533 | 173 | [illegible] | 4,700 |
| 5,264 | 724 | 1,694 | 922 | [illegible] | 24,233 |
| - | - | - | - | [illegible] | 2,824 |
| - | - | - | - | [illegible] | 2 |
| $ 5,734 | $ 491 | $ 2,227 | $ 1,095 | [illegible] | $ 31,759 |

## COMBINING BALANCE SHEET
## SPECIAL REVENUE FUNDS
## ENVIRONMENT, HEALTH AND NATURAL RESOURCES FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Wildlife Resource Commission Fund | Leaking Petroleum Underground Storage Tank Cleanup Fund | Water Quality Fees Fund | Soil and Water Conservation Agricultural Cost Share Fund | Forest Development Fund | Clean Air Act Permit Fees Fund |
|---|---|---|---|---|---|---|
| *ASSETS* | | | | | | |
| Cash and cash equivalents | $ 4,050 | $ 37,225 | $ 2,321 | $ 12,307 | $ 4,400 | $ 774 |
| Receivables: | | | | | | |
| Accounts receivable | 72 | - | - | - | 3 | - |
| Intergovernmental receivables | 1,300 | - | - | - | - | - |
| Investment earnings | 10 | 211 | - | - | - | - |
| Other receivables | - | 666 | - | - | - | - |
| Interfund receivables | 1,238 | - | - | - | - | - |
| Inventories | 540 | - | - | - | - | - |
| Sureties | - | - | - | - | - | - |
| Total Assets | $ 7,210 | $ 38,102 | $ 2,321 | $ 12,307 | $ 4,403 | $ 774 |
| *LIABILITIES AND FUND BALANCES* | | | | | | |
| **Liabilities:** | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | |
| Accounts payable | $ 258 | $ 1,533 | $ - | $ 430 | $ - | $ - |
| Accrued payroll | 1,352 | - | - | - | - | - |
| Intergovernmental payables | - | - | - | - | - | - |
| Arbitrage rebate payable | - | - | - | - | - | - |
| Other payables | 65 | - | - | - | - | - |
| Interfund payables | 20 | - | - | - | - | - |
| Claims payable | 1 | - | - | - | - | - |
| Deposits payable | - | - | - | - | - | - |
| Total Liabilities | 1,696 | 1,533 | - | 430 | - | - |
| **Fund Balances:** | | | | | | |
| Reserved | 540 | - | - | - | - | - |
| Unreserved: | | | | | | |
| Undesignated | 4,974 | 36,569 | 2,321 | 11,877 | 4,403 | 774 |
| Total Fund Balances | 5,514 | 36,569 | 2,321 | 11,877 | 4,403 | 774 |
| Total Liabilities and Fund Balances | $ 7,210 | $ 38,102 | $ 2,321 | $ 12,307 | $ 4,403 | $ 774 |

*Exhibit C-13*

| Clean Water Bonds Fund | Departmental Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|
| $ 2,850 | $ 23,181 | $ 87,106 | $ 61,841 |
| - | - | 75 | 443 |
| - | - | 1,300 | 1,000 |
| - | 72 | 293 | 183 |
| - | - | 666 | 1 |
| - | 89 | 1,327 | - |
| - | - | 540 | 682 |
| - | 4,908 | 4,908 | 4,722 |
| $ 2,850 | $ 28,250 | $ 96,217 | $ 68,872 |
| $ - | $ 30 | $ 2,251 | $ 980 |
| - | - | 1,352 | 1,435 |
| - | - | - | 80 |
| - | - | - | 1,273 |
| - | 1 | 66 | 81 |
| - | - | 20 | 56 |
| - | - | 1 | 4 |
| - | 4,908 | 4,908 | 4,721 |
| - | 4,939 | 8,598 | 8,630 |
| - | - | 540 | 682 |
| 2,850 | 23,311 | 87,079 | 59,560 |
| 2,850 | 23,311 | 87,619 | 60,242 |
| $ 2,850 | $ 28,250 | $ 96,217 | $ 68,872 |

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—SPECIAL REVENUE FUNDS ENVIRONMENT, HEALTH AND NATURAL RESOURCES FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Wildlife Resource Commission Fund | Leaking Petroleum Underground Storage Tank Cleanup Fund | Water Quality Fees Fund | Soil and Water Conservation Agricultural Cost Share Fund | Forest Development Fund | Clean Air Act Permit Fees Fund |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Federal funds | $ 5,890 | $ - | $ - | $ - | $ - | $ - |
| Local funds | 16 | - | - | - | - | - |
| Investment earnings | 187 | 2,138 | - | - | - | - |
| Sales and services | 1,089 | - | - | - | - | - |
| Sale, rental and lease of property | 12 | - | - | - | - | - |
| Fees, licenses and fines | 15,111 | 14,454 | 2,760 | - | 1,738 | 1,262 |
| Contributions, gifts and grants | 726 | - | - | - | - | - |
| Miscellaneous | 764 | - | - | - | - | - |
| Total revenues | 23,795 | 16,592 | 2,760 | - | 1,738 | 1,262 |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| Environment, health and natural resources | 27,104 | 15,020 | - | 6,427 | 1,596 | - |
| Total expenditures | 27,104 | 15,020 | - | 6,427 | 1,596 | - |
| Excess revenues over (under) expenditures | (3,309) | 1,572 | 2,760 | (6,427) | 142 | 1,262 |
| **Other Financing Sources (Uses):** | | | | | | |
| Operating transfers in | 5,888 | 9,851 | - | 8,235 | - | - |
| Operating transfers out | (1,048) | (1,203) | (2,287) | - | (58) | (1,293) |
| Total other financing sources (uses) | 4,840 | 8,648 | (2,287) | 8,235 | (58) | (1,293) |
| Excess revenues and other sources over (under) expenditures and other uses | 1,531 | 10,220 | 473 | 1,808 | 84 | (31) |
| Fund balances—July 1 | 4,126 | 26,349 | 1,848 | 10,069 | 4,319 | 805 |
| Increase (decrease) in reserve for related assets | (143) | - | - | - | - | - |
| Fund balances—June 30 | $ 5,514 | $ 36,569 | $ 2,321 | $ 11,877 | $ 4,403 | $ 774 |

*Exhibit C-14*

| Clean Water Bonds Fund | Departmental Funds | Totals June 30, 1993 | June 30, 1992 |
|---|---|---|---|
| $ - | $ - | $ 5,690 | $ 7,173 |
| - | 110 | 126 | - |
| - | 803 | 3,128 | 1,699 |
| - | 19 | 1,108 | 917 |
| - | 29 | 41 | 32 |
| - | 6,640 | 41,960 | 35,044 |
| - | 96 | 822 | 669 |
| - | 16 | 780 | 733 |
| - | 7,713 | 53,860 | 46,267 |
| 452 | 933 | 51,532 | 52,874 |
| 452 | 933 | 51,532 | 52,874 |
| (452) | 6,780 | 2,328 | (6,607) |
| - | 10,440 | 34,414 | 26,923 |
| - | (3,333) | (9,222) | (6,173) |
| - | 7,107 | 25,192 | 20,750 |
| (452) | 13,887 | 27,520 | 14,143 |
| 3,302 | 9,424 | 60,242 | 46,149 |
| - | - | (143) | (50) |
| $ 2,850 | $ 23,311 | $ 87,619 | $ 60,242 |

# COMBINING BALANCE SHEET
# SPECIAL REVENUE FUNDS
# PUBLIC SAFETY AND CORRECTIONS FUNDS

June 30, 1993 (With Comparative Totals for 1992) *Exhibit C-15*

*(Expressed in Thousands)*

| | Highway Patrol Fund | Departmental Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Cash and cash equivalents | $ 2,911 | $ 16,326 | **$ 19,237** | $ 10,755 |
| Receivables: | | | | |
| Accounts receivable | 262 | 222 | **484** | 355 |
| Intergovernmental receivables | 214 | 45 | **259** | 286 |
| Investment earnings | - | 43 | **43** | 36 |
| Other receivables | - | 51 | **51** | 230 |
| Interfund receivables | - | 1,193 | **1,193** | 3,530 |
| Notes receivable | - | 2,095 | **2,095** | 86 |
| Inventories | 2,339 | 85 | **2,424** | 2,457 |
| Total Assets | $ 5,726 | $ 20,060 | **$ 25,786** | $ 17,735 |
| ***LIABILITIES AND FUND BALANCES*** | | | | |
| **Liabilities:** | | | | |
| Accounts payable and accrued liabilities: | | | | |
| Accounts payable | 1,214 | 312 | **1,526** | 1,014 |
| Accrued payroll | 6,109 | 402 | **6,511** | 6,088 |
| Intergovernmental payables | 96 | 293 | **389** | 253 |
| Other payables | - | 38 | **38** | 187 |
| Interfund payables | - | 113 | **113** | 145 |
| Deferred revenue | 233 | 1,333 | **1,566** | 1,182 |
| Total Liabilities | 7,652 | 2,491 | **10,143** | 8,869 |
| **Fund Balances:** | | | | |
| Reserved | 2,339 | 2,180 | **4,519** | 3,838 |
| Unreserved: | | | | |
| Undesignated | (4,265) | 15,389 | **11,124** | 5,028 |
| Total Fund Balances | (1,926) | 17,569 | **15,643** | 8,866 |
| Total Liabilities and Fund Balances | $ 5,726 | $ 20,060 | **$ 25,786** | $ 17,735 |

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—SPECIAL REVENUE FUNDS PUBLIC SAFETY AND CORRECTIONS FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit C-16*

*(Expressed in Thousands)*

| | Highway Patrol Fund | Departmental Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Federal funds | $ 119 | $ 826 | $ 945 | $ 560 |
| Local funds | - | (123) | (123) | - |
| Investment earnings | - | 394 | 394 | 256 |
| Sales and services | 984 | 345 | 1,329 | 1,232 |
| Sale, rental and lease of property | 4 | - | 4 | 4 |
| Fees, licenses and fines | - | 18,819 | 18,819 | 21,857 |
| Contributions, gifts and grants | 287 | 367 | 654 | 332 |
| Miscellaneous | 3,220 | 1,883 | 5,103 | 3,949 |
| Total revenues | 4,614 | 22,511 | 27,125 | 28,190 |
| **Expenditures:** | | | | |
| Current: | | | | |
| Public safety and corrections | 90,929 | 11,563 | 102,492 | 94,236 |
| Total expenditures | 90,929 | 11,563 | 102,492 | 94,236 |
| Excess revenues over (under) expenditures | (86,315) | 10,948 | (75,367) | (66,046) |
| **Other Financing Sources (Uses):** | | | | |
| Operating transfers in | 87,564 | 7,800 | 95,364 | 90,627 |
| Operating transfers out | (423) | (14,860) | (15,283) | (13,358) |
| Total other financing sources (uses) | 87,141 | (7,060) | 80,081 | 77,269 |
| Excess revenues and other sources over (under) expenditures and other uses | 826 | 3,888 | 4,714 | 11,223 |
| Fund balances—July 1 | (2,752) | 11,618 | 8,866 | (2,100) |
| Restatements | - | - | - | 701 |
| Residual equity transfers out | - | - | - | (36) |
| Increase (decrease) in reserve for related assets | - | 2,063 | 2,063 | (922) |
| Fund balances—June 30 | $ (1,926) | $ 17,569 | $ 15,643 | $ 8,866 |

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL (BUDGETARY BASIS) STATE HIGHWAY FUND AND HIGHWAY TRUST FUND

For the Fiscal Year Ended June 30, 1993

*(Expressed in Thousands)*

| | *State Highway Fund* | | | | |
|---|---|---|---|---|---|
| | Budget | | | | |
| | Prior Year Carry Forward | Current Year | Total Authorized | Actual | Unrealized/ Unexpended |
| **Revenues:** | | | | | |
| **State Revenues:** | | | | | |
| Taxes: | | | | | |
| Gasoline tax | $ - | $ 617,800 | $ 617,800 | $ 637,332 | $ 19,532 |
| Gasoline tax - inspection fee | - | 9,972 | 9,972 | 10,395 | 423 |
| Highway use tax | - | - | - | - | - |
| Highway use registration fee | - | 700 | 700 | 1,032 | 332 |
| Non-Tax: | | | | | |
| Licenses and Fees: | | | | | |
| Motor vehicle registration | - | 202,903 | 202,903 | 198,515 | (4,388) |
| Other licenses and fees | - | 70,350 | 70,350 | 70,098 | (252) |
| Other State Revenue: | | | | | |
| Penalties | - | 6,200 | 6,200 | 6,741 | 541 |
| Miscellaneous | - | 800 | 800 | 598 | (202) |
| Investment income | - | 16,000 | 16,000 | 17,634 | 1,634 |
| Transfers: | | | | | |
| From Highway Trust Fund | 125,605 | 182,361 | 307,966 | 142,166 | (165,800) |
| From Equipment Fund | - | 13,899 | 13,899 | 13,899 | - |
| Total State revenues | 125,605 | 1,120,985 | 1,246,590 | 1,098,410 | (148,180) |
| **Participation Revenues:** | | | | | |
| Federal funds participation | 872,901 | 526,098 | 1,398,999 | 409,707 | (989,292) |
| Cities and towns participation | 21,485 | 18,324 | 39,809 | 15,528 | (24,281) |
| Property owners participation | 7,084 | 4,401 | 11,485 | 6,482 | (5,003) |
| State aid General Fund | - | 11,063 | 11,063 | 11,063 | - |
| Total participation revenues | 901,470 | 559,886 | 1,461,356 | 442,780 | (1,018,576) |
| Total revenues | 1,027,075 | 1,680,871 | 2,707,946 | 1,541,190 | (1,166,756) |
| **Expenditures:** | | | | | |
| Transportation administration | - | 44,386 | 44,386 | 42,428 | 1,958 |
| Transportation operations | - | 40,434 | 40,434 | 36,670 | 3,764 |
| Motor vehicles | - | 86,108 | 86,108 | 81,631 | 4,477 |
| State highway maintenance | 146,816 | 371,014 | 517,830 | 385,138 | 132,692 |
| State highway construction | 181,364 | 180,847 | 362,211 | 188,355 | 173,856 |
| Federal aid - construction | 891,355 | 626,697 | 1,518,052 | 499,614 | 1,018,438 |
| State aid and obligations | 63,064 | 114,185 | 177,249 | 109,305 | 67,944 |
| Capital improvements | 8,305 | 9,022 | 17,327 | 5,648 | 11,679 |
| Debt service | - | 38,018 | 38,018 | 38,018 | - |
| Other | 18,381 | 34,253 | 52,634 | 27,683 | 24,951 |
| Transfers: | | | | | |
| To other State agencies | - | 132,865 | 132,865 | 128,018 | 4,847 |
| To General Fund | - | 9,400 | 9,400 | 9,400 | - |
| To State Highway Fund | - | - | - | - | - |
| Total expenditures | 1,309,285 | 1,687,229 | 2,996,514 | 1,551,908 | 1,444,606 |
| Excess revenues over (under) expenditures | (282,210) | (6,358) | (288,568) | (10,718) | $ 277,850 |
| Contracting authorization requiring payment in future years | - | - | - | - | |
| Fund balances (budgetary basis) at July 1, 1992 | 293,843 | - | 293,843 | 293,843 | |
| Fund balances (budgetary basis) at June 30, 1993 | $ 11,633 | $ (6,358) | $ 5,275 | $ 283,125 | |

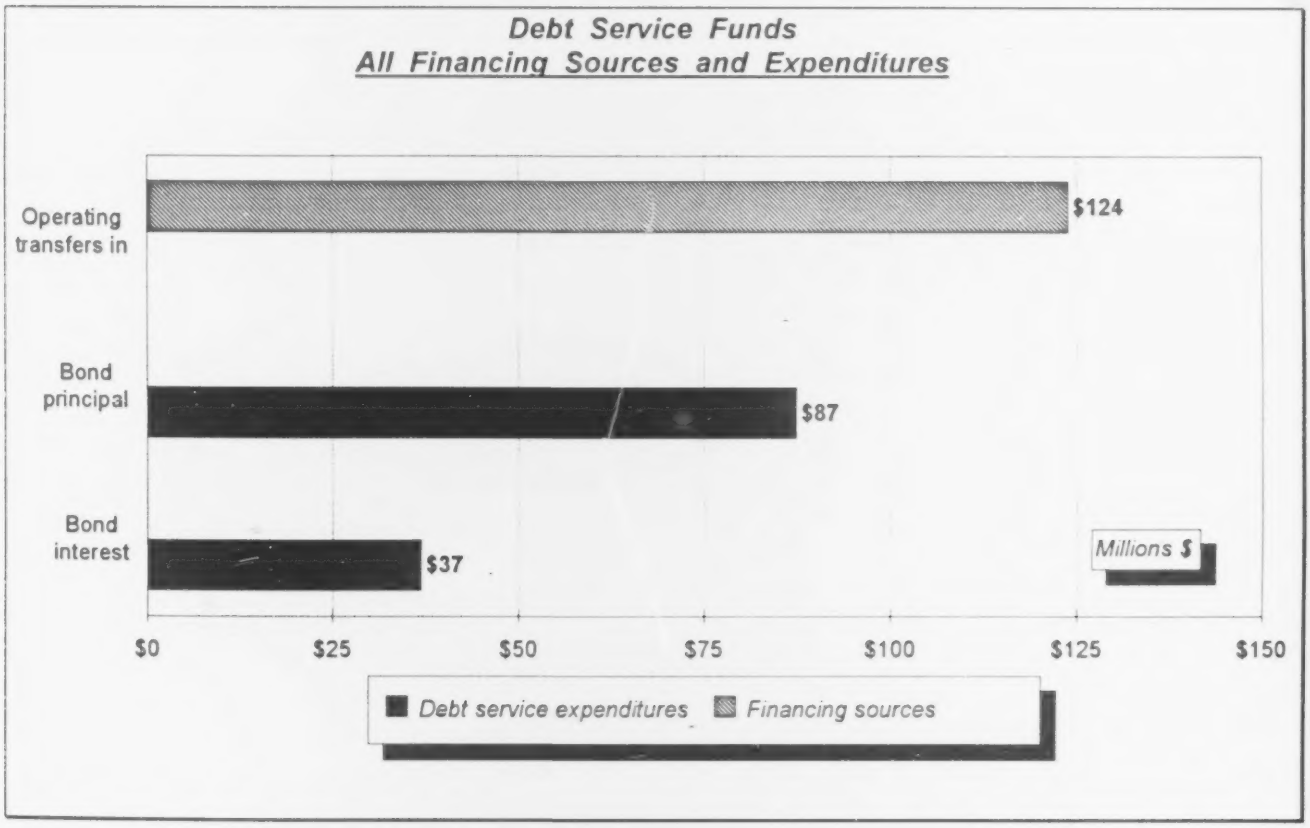
*Exhibit C-17*

## *Highway Trust Fund*

| Budget | | | | |
|---|---|---|---|---|
| Prior Year Carry Forward | Current Year | Total Authorized | Actual | Unrealized/ Unexpended |
| $ - | $ 205,900 | $ 205,900 | $ 212,444 | $ 6,544 |
| - | - | - | - | - |
| - | 258,000 | 258,000 | 273,252 | 15,252 |
| - | - | - | - | - |
| - | 60,400 | 60,400 | 59,443 | (957) |
| - | 2,600 | 2,600 | 2,718 | 118 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 18,000 | 18,000 | 24,116 | 6,116 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 544,900 | 544,900 | 571,973 | 27,073 |
| - | - | - | - | - |
| 1,238 | 1,882 | 3,120 | 1,622 | (1,498) |
| 1,274 | 303 | 1,577 | 1,106 | (471) |
| - | - | - | - | - |
| 2,512 | 2,185 | 4,697 | 2,728 | (1,969) |
| 2,512 | 547,085 | 549,597 | 574,701 | 25,104 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 217,983 | 138,196 | 356,179 | 149,868 | 206,311 |
| - | - | - | - | - |
| 21,277 | 21,990 | 43,267 | 21,361 | 21,906 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 170,000 | 170,000 | 170,000 | - |
| 125,605 | 183,225 | 308,830 | 142,166 | 166,664 |
| 364,865 | 513,411 | 878,276 | 483,395 | 394,881 |
| (362,353) | 33,674 | (328,679) | 91,306 | $ 419,985 |
| - | 20,550 | 20,550 | - | |
| 308,129 | - | 308,129 | 308,129 | |
| $ (54,224) | $ 54,224 | $ - | $ 399,435 | |

## Debt Service Funds

*The debt service funds are maintained to account for the accumulation of resources for, and the payment of, principal and interest on general long-term obligations not reported in the proprietary funds and university funds. This debt includes general obligation bonds and ABC Commission bonds.*



# COMBINING BALANCE SHEET
# DEBT SERVICE FUNDS

June 30, 1993 (With Comparative Totals for 1992) *Exhibit D-1*

*(Expressed in Thousands)*

| | General Obligation Bonds | ABC Commission Bonds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Cash and cash equivalents | $ 1,845 | $ - | $ 1,845 | $ 2,783 |
| Total Assets | $ 1,845 | $ - | $ 1,845 | $ 2,783 |
| ***LIABILITIES AND FUND BALANCES*** | | | | |
| **Liabilities:** | | | | |
| Matured bonds payable | $ 1,547 | $ - | $ 1,547 | $ 1,463 |
| Matured interest payable | 298 | - | 298 | 296 |
| Accrued interest payable | - | - | - | 573 |
| Total Liabilities | 1,845 | - | 1,845 | 2,332 |
| **Fund Balances:** | | | | |
| Reserved for debt service | - | - | - | 451 |
| Total Liabilities and Fund Balances | $ 1,845 | $ - | $ 1,845 | $ 2,783 |

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DEBT SERVICE FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit D-2*

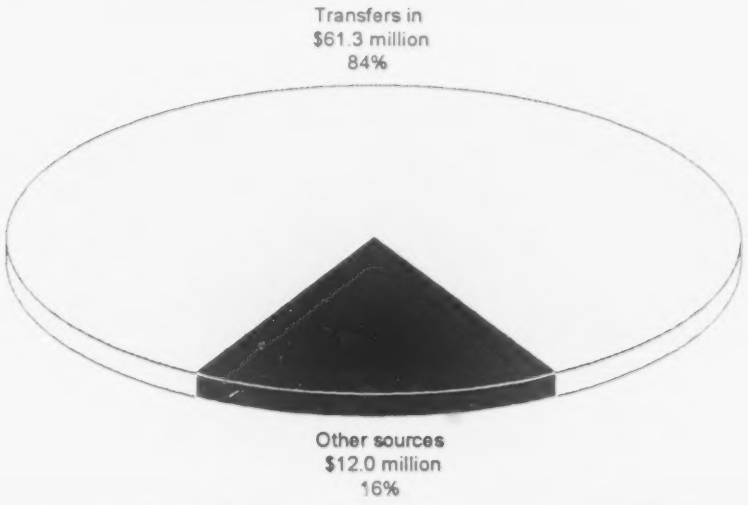
*(Expressed in Thousands)*

| | General Obligation Bonds | ABC Commission Bonds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Investment earnings | $ - | $ - | $ - | $ - |
| Total revenues | - | - | - | - |
| **Expenditures:** | | | | |
| Debt service: | | | | |
| Bond principal retirement | 86,640 | 750 | 87,390 | 80,890 |
| Bond interest | 36,852 | 72 | 36,924 | 34,038 |
| Total expenditures | 123,492 | 822 | 124,314 | 114,928 |
| Excess revenues (under) expenditures | (123,492) | (822) | (124,314) | (114,928) |
| **Other Financing Sources:** | | | | |
| Operating transfers in | 123,492 | 371 | 123,863 | 114,415 |
| Total other financing sources | 123,492 | 371 | 123,863 | 114,415 |
| Excess revenues and other sources (under) expenditures and other uses | - | (451) | (451) | (513) |
| Fund balances—July 1 | - | 451 | 451 | 964 |
| Fund balances—June 30 | $ - | $ - | $ - | $ 451 |

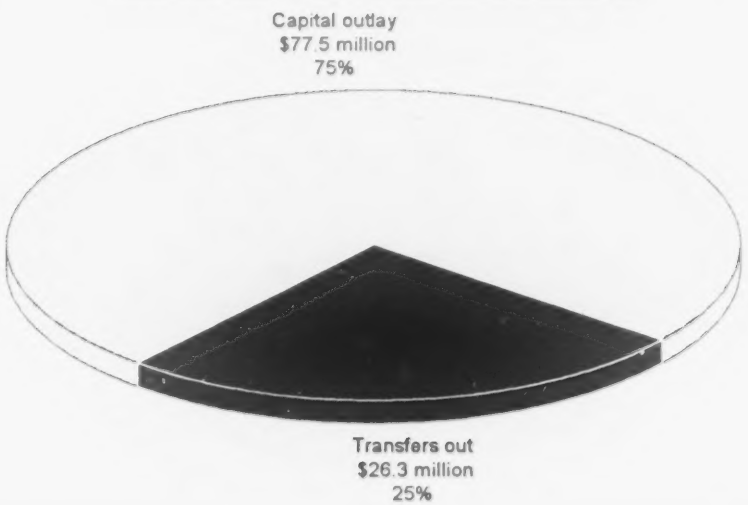
## Capital Projects Funds

*The capital projects funds are maintained to account for those financial resources received and used for the acquisition, construction or improvement of major governmental general fixed assets which are financed principally by transfers from the General Fund or general obligation bonds.*

### *Total Revenues and Other Sources*




### *Total Expenditures and Other Uses*



# COMBINING BALANCE SHEET
# CAPITAL PROJECTS FUNDS

June 30, 1993 (With Comparative Totals for 1992) *Exhibit E-1*

*(Expressed in Thousands)*

| | Capital Projects Fund | Capital Improvement Bond Fund of 1988 | Prison Facilities Legislative Bond Act of 1990 | State Capital Facilities Legislative Bond Fund of 1991 | State Prison and Youth Services Facilities Bond Fund | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|---|---|
| *ASSETS* | | | | | | | |
| Cash and cash equivalents | $ 62,497 | $ 219 | $ 8,327 | $ 8,749 | $ 88,342 | $ 168,134 | $ 202,937 |
| Receivables: | | | | | | | |
| Accounts receivable | 170 | - | - | - | - | 170 | 157 |
| Intergovernmental receivables | - | - | - | - | - | - | 89 |
| Interfund receivables | 132 | - | - | 6 | - | 138 | 2,299 |
| Total Assets | $ 62,799 | $ 219 | $ 8,327 | $ 8,755 | $ 88,342 | $ 168,442 | $ 205,482 |
| *LIABILITIES AND FUND BALANCES* | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | | |
| Accounts payable | $ 3,216 | $ 5 | $ 582 | $ 1,041 | $ 3,767 | $ 8,611 | $ 10,480 |
| Intergovernmental payables | - | - | - | 103 | - | 103 | 28 |
| Arbitrage rebate payable | - | - | - | 100 | - | 100 | 55 |
| Interfund payables | 30 | - | - | 13 | - | 43 | 2,200 |
| Deposits payable | 1,689 | 46 | 1,799 | 84 | 998 | 4,616 | 5,120 |
| Total Liabilities | 4,935 | 51 | 2,381 | 1,341 | 4,765 | 13,473 | 17,883 |
| Fund Balances: | | | | | | | |
| Reserved | 17,623 | 151 | 5,946 | 3,592 | 58,981 | 86,293 | 43,981 |
| Unreserved: | | | | | | | |
| Undesignated | 40,241 | 17 | - | 3,822 | 24,596 | 68,676 | 143,618 |
| Total Fund Balances | 57,864 | 168 | 5,946 | 7,414 | 83,577 | 154,969 | 187,599 |
| Total Liabilities and Fund Balances | $ 62,799 | $ 219 | $ 8,327 | $ 8,755 | $ 88,342 | $ 168,442 | $ 205,482 |

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit E-2*

*(Expressed in Thousands)*

| | Capital Projects Fund | Capital Improvement Bond Fund of 1988 | Prison Facilities Legislative Bond Act of 1990 | State Capital Facilities Legislative Bond Fund of 1991 | State Prison and Youth Services Facilities Bond Fund | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | |
| Federal funds | $ 4,768 | $ - | $ - | $ 942 | $ - | $ 5,710 | $ 3,403 |
| Local funds | 243 | - | - | 4 | - | 247 | 609 |
| Investment earnings | - | - | - | - | 4,000 | 4,000 | 1 |
| Sales and services | 262 | - | - | - | - | 262 | 135 |
| Sale, rental and lease of property | 8 | - | - | - | - | 8 | 48 |
| Fees, licenses and fines | 17 | - | - | - | - | 17 | 2 |
| Contributions, gifts and grants | 1,296 | - | - | - | - | 1,296 | 7,075 |
| Miscellaneous | 501 | - | - | - | - | 501 | 1,099 |
| Total revenues | 7,095 | - | - | 946 | 4,000 | 12,041 | 12,372 |
| **Expenditures:** | | | | | | | |
| Capital outlay | 17,355 | 823 | 21,930 | 11,025 | 26,395 | 77,528 | 119,343 |
| Total expenditures | 17,355 | 823 | 21,930 | 11,025 | 26,395 | 77,528 | 119,343 |
| Excess revenues (under) expenditures | (10,260) | (823) | (21,930) | (10,079) | (22,395) | (65,487) | (106,971) |
| **Other Financing Sources (Uses):** | | | | | | | |
| Operating transfers in | 61,006 | - | - | 266 | - | 61,272 | 10,160 |
| Operating transfers out | (18,466) | - | - | (5,855) | (1,992) | (26,313) | (21,882) |
| Proceeds from bond sale | - | - | - | - | - | - | 157,500 |
| Total other financing sources (uses) | 42,540 | - | - | (5,589) | (1,992) | 34,959 | 145,778 |
| Excess revenues and other sources over (under) expenditures and other uses | 32,280 | (823) | (21,930) | (15,668) | (24,387) | (30,528) | 38,807 |
| Fund balances—July 1 | 25,589 | 2,642 | 27,876 | 23,528 | 107,964 | 187,599 | 148,860 |
| Restatements | 198 | - | - | (446) | - | (248) | (8) |
| Residual equity transfers in | - | - | - | - | - | - | 75 |
| Residual equity transfers out | (203) | (1,651) | - | - | - | (1,854) | (135) |
| Fund balances—June 30 | $ 57,864 | $ 168 | $ 5,946 | $ 7,414 | $ 83,577 | $ 154,969 | $ 187,599 |

## ENTERPRISE FUNDS

*The enterprise funds are maintained to account for the operations of State government, public benefit authorities and risk pools that provide goods or services to the general public in a manner similar to private business enterprises. The costs of providing these goods or services are financed through user charges.*

The following activities are included in the enterprise funds. See note 17 in the Notes to the Financial Statements for a description of the goods and services offered by these activities.

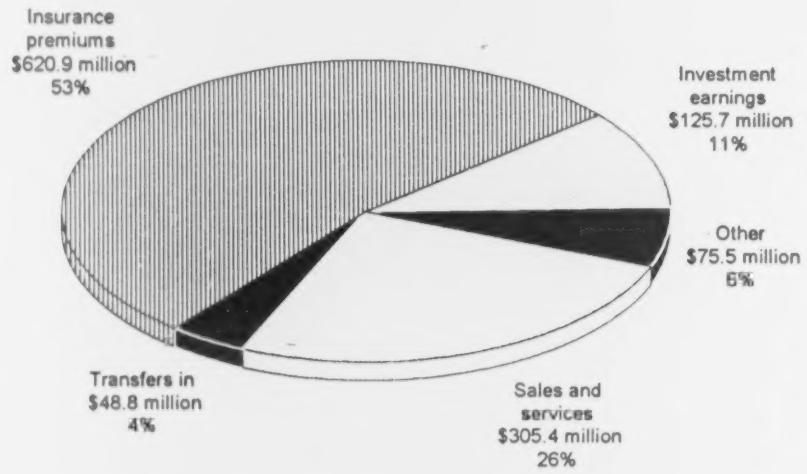
**Governmental Enterprise Funds**
- UNC Hospitals
- North Carolina State Fair
- USS North Carolina Battleship Commission
- Agricultural Farmers' Market
- Indian Cultural Tourist Center
- Other Enterprise Funds:
  - Cultural Resources Historic Site Sales
  - Services for the Blind

**Public Benefit Authorities**
- N.C. Housing Finance Agency
- State Ports Authority
- Ports Railway Commission
- N.C. Agricultural Finance Authority
- N.C. Air Cargo Authority
- N.C. Low Level Radioactive Waste Management Authority

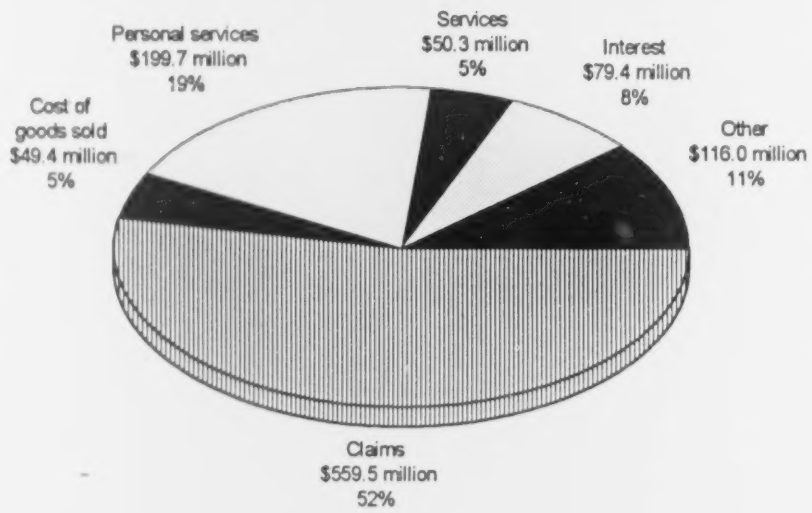
**Risk Pools**
- Public School Insurance Fund
- State Health Plan
- N.C. Teachers' and State Employees' Benefit Trust
- Disability Income Plan of N.C.

## Enterprise Funds
## Graphs of Operations

### *Total Revenues and Operating Transfers In*


Insurance premiums $620.9 million 53%
Investment earnings $125.7 million 11%
Other $75.5 million 6%
Transfers in $48.8 million 4%
Sales and services $305.4 million 26%

### *Total Expenses and Operating Transfers Out*


Personal services $199.7 million 19%
Services $50.3 million 5%
Interest $79.4 million 8%
Cost of goods sold $49.4 million 5%
Other $116.0 million 11%
Claims $559.5 million 52%

*For the year ended June 30, 1993*

# COMBINING BALANCE SHEET
# ENTERPRISE FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Governmental Enterprises | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | UNC Hospitals | N.C. State Fair | USS North Carolina Battleship Commission | Agricultural Farmers Market | Indian Cultural Tourist Center | Other Funds | N.C. Housing Finance Agency | State Ports Authority |
| *ASSETS* | | | | | | | | |
| **Current Assets:** | | | | | | | | |
| Cash and cash equivalents | $ 92,783 | $ 2,782 | $ 283 | $ 485 | $ 9 | $ 89 | $ 54,848 | $ 691 |
| Investments | - | - | 501 | - | - | - | - | 11,957 |
| Receivables: | | | | | | | | |
| Accounts receivable | 45,990 | 6 | 1 | - | - | - | 11,691 | 4,205 |
| Intergovernmental | 6,362 | - | - | - | - | - | - | - |
| Investment earnings | 460 | - | 9 | - | - | - | 4,343 | 159 |
| Premiums | - | - | - | - | - | - | - | - |
| Contributions | - | - | - | - | - | - | - | - |
| Interfund receivables | - | - | - | - | - | - | - | - |
| Notes receivable | - | - | - | - | - | - | - | - |
| Inventories | 7,394 | 61 | 152 | 11 | - | 38 | - | 695 |
| Prepaid items | 311 | - | 36 | - | - | - | - | 209 |
| Total current assets | 153,300 | 2,849 | 982 | 496 | 9 | 127 | 70,882 | 17,916 |
| **Non-Current Assets:** | | | | | | | | |
| Investments | 61,613 | - | 1,019 | - | - | - | 163,577 | 2,475 |
| Accounts receivable | 1,033 | - | - | - | - | - | - | - |
| Notes receivable | - | - | - | - | - | - | 722,442 | 7 |
| Prepaid items | 820 | - | 13 | - | - | - | 15,645 | 162 |
| Goodwill | - | - | - | - | - | - | - | - |
| Total non-current assets | 63,466 | - | 1,032 | - | - | - | 901,664 | 2,644 |
| **Fixed Assets:** | | | | | | | | |
| Land | - | 1,379 | 97 | 1,087 | 292 | - | - | 10,724 |
| Buildings | 82,969 | 12,419 | 1,157 | 9,005 | 280 | - | - | 90,392 |
| Other structures and improvements | 2,022 | 1,921 | 475 | 3,287 | - | - | - | 15,789 |
| Machinery and equipment | 113,982 | 693 | 1,288 | 260 | 27 | 7 | 369 | 43,695 |
| Construction in progress | 8,815 | 833 | 132 | - | - | - | - | 2,755 |
| Accumulated depreciation | (103,663) | (6,709) | (1,272) | (976) | (74) | (7) | (207) | (62,446) |
| Total fixed assets | 104,125 | 10,536 | 1,877 | 12,663 | 525 | - | 162 | 100,909 |
| Total Assets | $ 320,891 | $ 13,385 | $ 3,891 | $ 13,159 | $ 534 | $ 127 | $ 972,708 | $ 121,469 |

*Exhibit F-1*

| *Public Benefit Authorities* | | | | *Risk Pools* | | | | Totals | |
|---|---|---|---|---|---|---|---|---|---|
| Ports Railway Commission | N.C. Agricultural Finance Authority | N.C. Air Cargo Authority | N.C. Low Level Radioactive Waste Management Authority | Public School Insurance | State Health Plan | N.C. Teachers' and State Employees' Benefit Trust | Disability Income Plan of N.C. | June 30, 1993 | June 30, 1992 |
| $ 526 | $ 593 | $ 3,614 | $ 3,406 | $ 12,466 | $ 193,205 | $ 3,389 | $ 1,799 | $ 370,968 | $ 208,595 |
| - | - | - | - | 26,416 | - | 96,397 | 102,350 | 237,621 | 271,271 |
| 18 | - | - | - | - | 600 | 310 | 1,062 | 63,683 | 54,221 |
| - | - | - | - | - | - | - | - | 6,362 | 837 |
| 3 | 10 | 22 | 23 | 65 | 1,129 | 14 | 10 | 6,247 | 7,478 |
| - | - | - | - | 510 | 839 | - | 2,385 | 3,734 | 3,124 |
| - | - | - | - | - | - | 1,091 | - | 1,091 | 1,053 |
| - | - | 109 | - | - | - | - | - | 109 | - |
| - | 782 | - | - | - | - | - | - | 782 | 622 |
| - | - | - | - | - | - | - | - | 8,351 | 7,952 |
| 1 | - | - | - | 1,149 | - | - | - | 1,706 | 1,271 |
| 548 | 1,385 | 3,745 | 3,429 | 40,606 | 195,773 | 101,201 | 107,606 | 700,854 | 556,424 |
| - | - | - | - | - | - | - | - | 228,684 | 260,491 |
| - | - | - | - | - | - | - | - | 1,033 | 4,496 |
| - | - | - | - | - | - | - | - | 722,449 | 805,629 |
| - | - | 10 | - | - | - | - | - | 16,650 | 19,516 |
| 132 | - | - | - | - | - | - | - | 132 | 112 |
| 132 | - | 10 | - | - | - | - | - | 968,948 | 1,090,244 |
| 750 | - | - | - | - | - | - | - | 14,329 | 13,520 |
| 129 | - | 82 | - | - | - | - | - | 196,433 | 191,201 |
| - | - | - | - | - | - | - | - | 23,494 | 22,296 |
| 424 | - | 428 | 20 | - | 65 | - | - | 161,256 | 155,387 |
| - | - | - | - | - | - | - | - | 12,535 | 6,019 |
| (421) | - | (94) | (12) | - | (52) | - | - | (175,933) | (164,434) |
| 882 | - | 416 | 8 | - | 13 | - | - | 232,116 | 223,989 |
| $ 1,562 | $ 1,385 | $ 4,171 | $ 3,437 | $ 40,606 | $ 195,786 | $ 101,201 | $ 107,606 | $ 1,901,918 | $ 1,870,657 |

*Continued*

## COMBINING BALANCE SHEET (continued)
## ENTERPRISE FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Governmental Enterprises | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | UNC Hospitals | N.C. State Fair | USS North Carolina Battleship Commission | Agricultural Farmers Market | Indian Cultural Tourist Center | Other Funds | N.C. Housing Finance Agency | State Ports Authority |
| *LIABILITIES AND FUND EQUITY* | | | | | | | | |
| **Liabilities:** | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | | | |
| Accounts payable | $ 5,816 | $ 36 | $ 17 | $ 8 | $ - | $ 18 | $ 4,562 | $ 1,626 |
| Accrued payroll | 7,199 | 136 | 8 | 39 | - | 1 | - | 4 |
| Obligation for workers' compensation | - | - | - | - | - | - | - | 3 |
| Interfund payables | - | - | - | - | - | - | - | - |
| Notes payable | - | - | - | - | - | - | - | 174 |
| Claims payable | 1,220 | - | - | - | - | - | - | - |
| Bonds payable | - | - | 96 | - | - | - | 17,197 | 415 |
| Interest payable | 1,348 | - | 1 | - | - | - | 48,486 | 111 |
| Deposits payable | 5,289 | - | - | - | - | - | - | - |
| Accrued vacation leave | 7,937 | 127 | 24 | 36 | - | - | 102 | 768 |
| Deferred revenue | - | 289 | - | - | - | - | 4,566 | 57 |
| Total current liabilities | 28,809 | 588 | 146 | 83 | - | 19 | 74,913 | 3,158 |
| **Long-Term Liabilities:** | | | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | | | |
| Obligation for workers' compensation | - | - | - | - | - | - | - | - |
| Notes payable | - | - | - | - | - | - | - | 770 |
| Interfund payables | - | - | - | - | - | - | - | - |
| Advance from General Fund | - | - | - | - | - | - | - | - |
| Claims payable | 8,371 | - | - | - | - | - | - | - |
| Bonds payable | 58,403 | - | 215 | - | - | - | 819,163 | 5,400 |
| Total long-term liabilities | 66,774 | - | 215 | - | - | - | 819,163 | 6,170 |
| Total Liabilities | 95,583 | 588 | 361 | 83 | - | 19 | 894,076 | 9,328 |
| **Fund Equity:** | | | | | | | | |
| Contributed capital | - | 10,210 | 313 | 13,899 | 599 | - | 11,000 | 94,642 |
| Retained earnings: | | | | | | | | |
| Reserved | - | - | - | - | - | - | - | - |
| Unreserved | 225,308 | 2,587 | 3,217 | (823) | (65) | 108 | 67,632 | 17,499 |
| Total Fund Equity | 225,308 | 12,797 | 3,530 | 13,076 | 534 | 108 | 78,632 | 112,141 |
| Total Liabilities and Fund Equity | $ 320,891 | $ 13,385 | $ 3,891 | $ 13,159 | $ 534 | $ 127 | $ 972,708 | $ 121,469 |

*Exhibit F-1*

| Public Benefit Authorities | | | | Risk Pools | | | | Totals | |
|---|---|---|---|---|---|---|---|---|---|
| Ports Railway Commission | N.C. Agricultural Finance Authority | N.C. Air Cargo Authority | N.C. Low Level Radioactive Waste Management Authority | Public School Insurance | State Health Plan | N.C. Teachers' and State Employees' Benefit Trust | Disability Income Plan of N.C. | June 30, 1993 | June 30, 1992 |
| $ 7 | $ 2 | $ 7 | $ 1,625 | $ 5 | $ 3,584 | $ - | $ - | $ 17,313 | $ 16,216 |
| - | 14 | - | 42 | 43 | 36 | - | - | 7,522 | 11,389 |
| - | - | - | - | - | - | - | - | 3 | 12 |
| - | - | - | - | - | - | 128 | - | 128 | 142 |
| - | - | - | - | - | - | - | - | 174 | 93 |
| - | - | - | - | 1,817 | 98,238 | 3,097 | 89 | 104,461 | 83,831 |
| - | - | - | - | - | - | - | - | 17,706 | 21,331 |
| - | - | - | - | - | - | - | - | 40,946 | 52,383 |
| - | - | - | - | - | - | - | - | 5,289 | 4,097 |
| 8 | 17 | 15 | 15 | 45 | 25 | - | - | 9,119 | 9,714 |
| - | - | - | - | 1,305 | 602 | - | - | 6,819 | 7,574 |
| 15 | 33 | 22 | 1,682 | 3,215 | 102,485 | 3,225 | 89 | 218,482 | 206,782 |
| - | - | - | - | - | - | - | - | - | 8 |
| - | - | - | - | - | - | - | - | 770 | 156 |
| - | - | - | 4,930 | - | - | - | - | 4,930 | 3,279 |
| - | - | - | 22,131 | - | - | - | - | 22,131 | 19,916 |
| - | - | - | - | - | - | - | - | 9,371 | 4,299 |
| - | - | - | - | - | - | - | - | 883,181 | 989,781 |
| - | - | - | 27,061 | - | - | - | - | 919,383 | 1,017,439 |
| 15 | 33 | 22 | 28,743 | 3,215 | 102,485 | 3,225 | 89 | 1,137,865 | 1,224,221 |
| 50 | - | - | - | - | - | - | - | 130,713 | 130,297 |
| - | - | - | - | - | - | 97,976 | 107,517 | 205,493 | 186,200 |
| 1,497 | 1,352 | 4,149 | (25,306) | 37,391 | 93,301 | - | - | 427,847 | 329,939 |
| 1,547 | 1,352 | 4,149 | (25,306) | 37,391 | 93,301 | 97,976 | 107,517 | 764,053 | 646,436 |
| $ 1,562 | $ 1,385 | $ 4,171 | $ 3,437 | $ 40,606 | $ 195,786 | $ 101,201 | $ 107,606 | $ 1,901,918 | $ 1,870,657 |

# COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | *Governmental Enterprises* | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | UNC Hospitals | N.C. State Fair | USS North Carolina Battleship Commission | Agricultural Farmers Market | Indian Cultural Tourist Center | Other Funds | N.C. Housing Finance Agency | State Ports Authority |
| **Operating Revenues:** | | | | | | | | |
| Sales and services | $ 366,426 | $ 4,003 | $ 1,836 | $ 18 | $ - | $ 159 | $ - | $ 22,733 |
| Investment earnings | - | - | - | - | - | - | 14,947 | - |
| Interest earnings on loans | - | - | - | - | - | - | 69,543 | - |
| Rental and lease earnings | - | 2,099 | - | 553 | 6 | 5 | - | 1,376 |
| Fees, licenses and fines | - | 262 | - | - | - | - | - | - |
| Contributions | - | - | - | 1 | - | - | - | - |
| Insurance premiums | - | - | - | - | - | - | - | - |
| Miscellaneous | 14,294 | 42 | 20 | - | - | - | 1,860 | 24 |
| Allowances and uncollectible accounts | (94,516) | - | - | - | - | - | - | - |
| Total operating revenues | 286,204 | 6,406 | 1,856 | 572 | 6 | 164 | 86,350 | 24,133 |
| **Operating Expenses:** | | | | | | | | |
| Personal services | 175,396 | 3,085 | 672 | 491 | - | 24 | - | 12,615 |
| Supplies and materials | 13,517 | 343 | 14 | 22 | - | - | - | 1,569 |
| Services | 26,001 | 1,431 | 516 | 117 | 2 | - | 5,549 | 4,447 |
| Claims | - | - | - | - | - | - | - | 17 |
| Interest | 3,041 | - | - | - | - | - | 74,453 | - |
| Cost of goods sold | 48,893 | - | 345 | - | - | 144 | - | - |
| Depreciation/amortization | 15,232 | 585 | 142 | 608 | 9 | - | 1,260 | 5,299 |
| Insurance and bonding | 4,390 | 95 | 52 | 24 | - | - | - | 645 |
| Other | 21,332 | 903 | 18 | 10 | 9 | 1 | - | 512 |
| Total operating expenses | 307,802 | 6,442 | 1,759 | 1,272 | 20 | 169 | 81,262 | 25,104 |
| Operating income (loss) | (21,598) | (36) | 97 | (700) | (14) | (5) | 5,088 | (971) |
| **Nonoperating Revenues (Expenses):** | | | | | | | | |
| Gain (loss) on sale of equipment | (360) | 2 | (2) | 3 | - | - | - | 70 |
| Investment earnings | 7,276 | - | 73 | - | - | - | - | 626 |
| Compact fees | - | - | - | - | - | - | - | - |
| Donations | 534 | - | 12 | - | - | - | - | - |
| Interest expense | - | - | (20) | - | - | - | - | (266) |
| Federal grants | - | - | - | - | - | - | 17,857 | - |
| Grants, aid and subsidies | - | - | - | - | - | - | (17,299) | - |
| Development stage expense | - | - | - | - | - | - | - | - |
| Fixed asset write-off | (2,234) | - | - | - | - | - | - | (202) |
| Miscellaneous | - | (1) | - | 9 | - | - | - | - |
| Total nonoperating revenues (expenses) | 5,216 | 1 | 63 | 12 | - | - | 558 | 228 |
| Income (loss) before operating transfers | (16,382) | (35) | 160 | (688) | (14) | (5) | 5,646 | (743) |
| **Operating Transfers:** | | | | | | | | |
| Transfers in | 41,895 | - | - | 270 | - | 10 | - | - |
| Transfers out | - | - | - | (125) | - | - | - | - |
| Total operating transfers in (out) | 41,895 | - | - | 145 | - | 10 | - | - |
| Net income (loss) before extraordinary loss | 25,513 | (35) | 160 | (543) | (14) | 5 | 5,646 | (743) |
| Extraordinary loss | - | - | - | - | - | - | (1,945) | - |
| Net income (loss) | 25,513 | (35) | 160 | (543) | (14) | 5 | 3,701 | (743) |
| Fund equity—July 1 | 201,343 | 12,534 | 3,370 | 13,516 | 548 | 103 | 76,336 | 112,884 |
| Restatements | (1,548) | 298 | - | - | - | - | (1,405) | - |
| Residual equity transfers in | - | - | - | - | - | - | - | - |
| Residual equity transfers out | - | - | - | - | - | - | - | - |
| Increase (decrease) in contributed capital | - | - | - | 103 | - | - | - | - |
| Fund equity—June 30 | $ 225,308 | $ 12,797 | $ 3,530 | $ 13,076 | $ 534 | $ 108 | $ 78,632 | $ 112,141 |

*Exhibit F-2*

| *Public Benefit Authorities* | | | | *Risk Pools* | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ports Railway Commission | N.C. Agricultural Finance Authority | N.C. Air Cargo Authority | N.C. Low Level Radioactive Waste Management Authority | Public School Insurance | State Health Plan | N.C. Teachers' and State Employees' Benefit Trust | Disability Income Plan of N.C. | Totals June 30, 1993 | Totals June 30, 1992 |
| $ - | $ 21 | $ - | $ - | $ - | $ 4,751 | $ - | $ - | $ 309,947 | $ 333,307 |
| - | 34 | - | - | 3,174 | 11,410 | 8,605 | 8,888 | 47,058 | 39,404 |
| - | 118 | - | - | - | - | - | - | 69,661 | 74,491 |
| 347 | - | - | - | - | - | - | - | 4,386 | 4,191 |
| - | 2 | - | - | - | - | 929 | - | 1,193 | 1,226 |
| - | - | - | - | - | - | 18,115 | - | 18,116 | 17,676 |
| - | - | - | - | 3,630 | 590,252 | - | 26,999 | 620,881 | 590,192 |
| 1 | - | - | - | 4 | 155 | - | 3 | 16,403 | 16,985 |
| - | - | - | - | - | - | - | - | (94,516) | (45,823) |
| 348 | 175 | - | - | 6,808 | 606,568 | 27,649 | 35,890 | 1,083,129 | 1,031,649 |
| 117 | 170 | 3,685 | - | 530 | 2,921 | - | - | 199,706 | 181,682 |
| 4 | 1 | 23 | - | 6 | 5 | - | - | 15,504 | 17,981 |
| 10 | 23 | 71 | - | 83 | 12,061 | - | - | 50,311 | 43,072 |
| - | - | - | - | 4,251 | 511,636 | 19,689 | 23,922 | 559,515 | 532,289 |
| - | - | - | - | - | - | - | - | 77,494 | 80,011 |
| - | - | - | - | - | - | - | - | 49,382 | 42,465 |
| 31 | - | 77 | - | - | 13 | - | - | 23,256 | 22,911 |
| 2 | - | - | - | 441 | - | 187 | - | 5,836 | 4,764 |
| 12 | 27 | 53 | - | 48 | 40 | 153 | 295 | 23,413 | 24,388 |
| 176 | 221 | 3,909 | - | 5,359 | 526,676 | 20,029 | 24,217 | 1,004,417 | 949,563 |
| 172 | (46) | (3,909) | - | 1,449 | 79,892 | 7,620 | 11,673 | 78,712 | 82,086 |
| - | - | - | - | - | - | - | - | (287) | (235) |
| 25 | - | 373 | 652 | - | - | - | - | 9,025 | 4,753 |
| - | - | - | 17,043 | - | - | - | - | 17,043 | 11,716 |
| - | - | - | - | - | - | - | - | 546 | 1,126 |
| - | - | - | (1,651) | - | - | - | - | (1,937) | (1,811) |
| - | - | - | - | - | - | - | - | 17,857 | 17,520 |
| - | - | - | - | - | - | - | - | (17,299) | (16,963) |
| - | - | - | (27,383) | - | - | - | - | (27,383) | (15,914) |
| - | - | - | - | - | - | - | - | (2,436) | - |
| - | - | - | - | - | - | - | - | 8 | 12 |
| 25 | - | 373 | (11,339) | - | - | - | - | (4,863) | 204 |
| 197 | (46) | (3,536) | (11,339) | 1,449 | 79,892 | 7,620 | 11,673 | 73,849 | 82,290 |
| - | 192 | 6,455 | - | - | - | - | - | 48,822 | 40,236 |
| - | - | (391) | - | - | (30) | - | - | (546) | (402) |
| - | 192 | 6,064 | - | - | (30) | - | - | 48,276 | 39,834 |
| 197 | 146 | 2,528 | (11,339) | 1,449 | 79,862 | 7,620 | 11,673 | 122,125 | 122,124 |
| - | - | - | - | - | - | - | - | (1,945) | (5,275) |
| 197 | 146 | 2,528 | (11,339) | 1,449 | 79,862 | 7,620 | 11,673 | 120,180 | 116,849 |
| 1,361 | 1,206 | 1,621 | (13,967) | 35,942 | 13,439 | 90,356 | 95,844 | 846,436 | 515,520 |
| (11) | - | - | - | - | - | - | - | (2,666) | 1,092 |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | 103 | 12,975 |
| $ 1,547 | $ 1,352 | $ 4,149 | $ (25,306) | $ 37,391 | $ 93,301 | $ 97,976 | $ 107,517 | $ 764,053 | $ 646,436 |

# COMBINING STATEMENT OF CASH FLOWS
# ENTERPRISE FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Governmental Enterprises | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | UNC Hospitals | N.C. State Fair | USS North Carolina Battleship Commission | Agricultural Farmers Market | Indian Cultural Tourist Center | Other Funds | N.C. Housing Finance Agency | State Ports Authority |
| **Cash Provided From (Used For) Operations:** | | | | | | | | |
| Operating income (loss) | $ (21,598) | $ (36) | $ 97 | $ (700) | $ (14) | $ (5) | $ 5,088 | $ (971) |
| Adjustments to reconcile operating income net cash flows from operating activities: | | | | | | | | |
| Depreciation/amortization | 15,232 | 585 | 142 | 608 | 9 | - | 1,260 | 5,299 |
| Investment earnings | - | - | - | - | - | - | (14,947) | - |
| Construction projects expensed | - | - | - | - | - | - | - | 16 |
| Mortgage/loan/note principal repayments | - | - | - | - | - | - | 95,620 | - |
| Loan sales | - | - | - | - | - | - | - | - |
| Mortgages/loans/notes issued | - | - | - | - | - | - | (36,559) | - |
| Allowances and uncollectible accounts | - | - | - | - | - | - | - | (12) |
| Interest expense | 3,041 | - | - | - | - | - | 74,453 | - |
| Reclassification of assets | - | - | - | - | - | - | 25,561 | - |
| Extraordinary loss | - | - | - | - | - | - | (1,945) | - |
| (Increases) decreases in assets: | | | | | | | | |
| Receivables | (1,079) | 17 | 1 | - | - | 6 | (11,024) | 684 |
| Interfund receivables | - | - | - | - | - | - | - | - |
| Inventories | (395) | (5) | 20 | 2 | - | (4) | - | (17) |
| Prepaid items | 186 | - | (7) | - | - | - | - | 15 |
| Increases (decreases) in liabilities: | | | | | | | | |
| Accounts payable and accrued liabilities | (4,252) | (4) | 8 | 2 | - | (8) | 1,248 | 533 |
| Interfund payables | - | - | - | - | - | - | - | - |
| Claims payable | 3,805 | - | - | - | - | - | - | (17) |
| Deposits payable | 1,192 | - | - | - | - | - | - | - |
| Accrued vacation leave | (610) | 7 | - | 6 | - | - | - | (6) |
| Deferred revenue | - | (23) | - | - | - | - | (508) | 1 |
| Total cash provided from (used for) operations | (4,478) | 541 | 261 | (82) | (5) | (11) | 138,247 | 5,525 |
| **Cash Provided From (Used For) Noncapital Financing Activities:** | | | | | | | | |
| Proceeds from sale of bonds/notes | - | - | - | - | - | - | 8,135 | - |
| Repayment of bond/note principal | - | - | - | - | - | - | (117,691) | - |
| Interest payments on bonds and notes | - | - | - | - | - | - | (78,026) | - |
| Bond issuance cost | - | - | - | - | - | - | (49) | - |
| Federal grants | - | - | - | - | - | - | 17,857 | - |
| Grants, aids and subsidies | - | - | - | - | - | - | (17,299) | - |
| Operating transfers in | 41,895 | - | - | 270 | - | 10 | - | - |
| Operating transfers out | - | - | - | (125) | - | - | - | - |
| Advance from State of North Carolina | - | - | - | - | - | - | - | - |
| Nonoperating cash donations | 327 | - | - | - | - | - | - | - |
| Nonoperating miscellaneous income/expense | - | (1) | 12 | 9 | - | - | - | - |
| Total cash provided from (used for) noncapital financing activities | 42,222 | (1) | 12 | 154 | - | 10 | (187,073) | - |

*Exhibit F-3*

| *Public Benefit Authorities* | | | | *Risk Pools* | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ports Railway Commission | N.C. Agricultural Finance Authority | N.C. Air Cargo Authority | N.C. Low Level Radioactive Waste Management Authority | Public School Insurance | State Health Plan | N.C. Teachers' and State Employees' Benefit Trust | Disability Income Plan of N.C. | Totals June 30, 1993 | Totals June 30, 1992 |
| $ 172 | $ (46) | $ (3,909) | $ - | $ 1,449 | $ 79,892 | $ 7,620 | $ 11,673 | $ 78,712 | $ 82,086 |
| 31 | - | 77 | - | - | 13 | - | - | 23,256 | 22,911 |
| - | (34) | - | - | (3,174) | (11,410) | (8,605) | (8,888) | (47,058) | (39,404) |
| - | - | - | - | - | - | - | - | 16 | 6 |
| - | 57 | - | - | - | - | - | - | 95,677 | 75,658 |
| - | 1,293 | - | - | - | - | - | - | 1,293 | 782 |
| - | (1,509) | - | - | - | - | - | - | (38,068) | (87,316) |
| - | - | - | - | - | - | - | - | (12) | 65 |
| - | - | - | - | - | - | - | - | 77,494 | 80,011 |
| - | - | - | - | - | - | - | - | 25,561 | - |
| - | - | - | - | - | - | - | - | (1,945) | (5,275) |
| (12) | 4 | - | - | (102) | (410) | (26) | (515) | (12,456) | 4,518 |
| - | - | (109) | - | - | - | - | - | (109) | 50 |
| - | - | - | - | - | - | - | - | (399) | 151 |
| (1) | - | - | - | (600) | - | - | - | (407) | (320) |
| 7 | 2 | (563) | - | (27) | 167 | - | - | (2,887) | (694) |
| - | - | - | - | - | - | (14) | - | (14) | 19 |
| - | - | - | - | 1,477 | 18,240 | 1,154 | 26 | 24,665 | (9,140) |
| - | - | - | - | - | - | - | - | 1,192 | 526 |
| (3) | (2) | 15 | - | 2 | (2) | - | - | (593) | 510 |
| - | - | - | - | 12 | 61 | - | - | (457) | 1,005 |
| 194 | (235) | (4,489) | - | (963) | 86,551 | 129 | 2,296 | 223,481 | 126,149 |
| - | - | - | - | - | - | - | - | 8,135 | 200,520 |
| - | - | - | - | - | - | - | - | (117,691) | (169,479) |
| - | - | - | - | - | - | - | - | (78,026) | (72,265) |
| - | - | - | - | - | - | - | - | (49) | (3,627) |
| - | - | - | - | - | - | - | - | 17,857 | 17,520 |
| - | - | - | - | - | - | - | - | (17,299) | (16,963) |
| - | 192 | 6,455 | - | - | - | - | - | 48,822 | 40,236 |
| - | - | (391) | - | - | (30) | - | - | (546) | (402) |
| - | - | - | 2,215 | - | - | - | - | 2,215 | 1,132 |
| - | - | - | - | - | - | - | - | 327 | 412 |
| - | - | - | (12,020) | - | - | - | - | (12,000) | (1,533) |
| - | 192 | 6,064 | (9,805) | - | (30) | - | - | (148,255) | (4,449) |

*Continued*

## COMBINING STATEMENT OF CASH FLOWS (continued)
## ENTERPRISE FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Governmental Enterprises | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | UNC Hospitals | N.C. State Fair | USS North Carolina Battleship Commission | Agricultural Farmers Market | Indian Cultural Tourist Center | Other Funds | N.C. Housing Finance Agency | State Ports Authority |
| **Cash Provided From (Used For) Capital Financing Activities:** | | | | | | | | |
| Acquisition of fixed assets | $ (23,244) | $ (504) | $ (110) | $ (69) | $ - | $ - | $ (51) | $ (7,601) |
| Proceeds from the sale of fixed assets | 318 | 2 | - | 3 | - | - | - | 88 |
| Proceeds from the sale of bonds/notes | - | - | - | - | - | - | - | 796 |
| Repayment of bond/note principal | - | - | (88) | - | - | - | - | (706) |
| Interest payments on bonds and notes | (3,415) | - | (22) | - | - | - | - | (278) |
| Bond issuance costs | - | - | - | - | - | - | - | - |
| Nonoperating cash donations | - | - | - | - | - | - | - | - |
| Deferred dredging costs | - | - | - | - | - | - | - | (74) |
| Total cash provided from (used for) capital financing activities | (26,341) | (502) | (220) | (66) | - | - | (51) | (7,775) |
| **Cash Provided From (Used For) Investment Activities:** | | | | | | | | |
| Proceeds from the sale/maturities of non-State Treasurer investments | $ - | $ - | $ 750 | $ - | $ - | $ - | $334,322 | $ 15,936 |
| Invested in assets whose use is limited | 3,288 | - | - | - | - | - | - | - |
| Redemptions from the State Treasurer Long Term Investment Pool | - | - | | - | - | - | - | - |
| Purchase of non-State Treasurer investments | - | - | (1,100) | - | - | - | (252,113) | (14,954) |
| Purchase into State Treasurer Long-Term Investment Pool | - | - | - | - | - | - | - | - |
| Investment earnings | 7,154 | - | 76 | - | - | - | 16,278 | 611 |
| Total cash provided from (used for) investment activities | 10,442 | - | (274) | - | - | - | 98,487 | 1,593 |
| Net increase (decrease) in cash and cash equivalents | 21,845 | 38 | (221) | 6 | (5) | (1) | 49,610 | (657) |
| Cash and cash equivalents at July 1 | 70,938 | 2,744 | 504 | 479 | 14 | 90 | 5,238 | 1,348 |
| Cash and cash equivalents at June 30 | $ 92,783 | $ 2,782 | $ 283 | $ 485 | $ 9 | $ 89 | $ 54,848 | $ 691 |
| **Noncash Investing, Capital, and Financing Activities:** | | | | | | | | |
| Noncash distributions from the State Treasurer Long-Term Investment Pool | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Donated assets (fair market value) | 207 | - | - | - | - | - | - | - |
| Interest expense on advance from State of North Carolina | - | - | - | - | - | - | - | - |
| Increase in contributed capital | - | - | - | 103 | - | - | - | - |
| Decrease in contributed capital | - | - | - | - | - | - | - | - |
| Change in construction in progress as a result of accrual accounts payable | 907 | - | - | - | - | - | - | (166) |
| Prior period adjustment | - | - | - | - | - | - | - | - |
| Fixed asset writeoff | (2,234) | - | - | - | - | - | - | (202) |

*Exhibit F-3*

| *Public Benefit Authorities* | | | | *Risk Pools* | | | | Totals | |
|---|---|---|---|---|---|---|---|---|---|
| Ports Railway Commission | N.C. Agricultural Finance Authority | N.C. Air Cargo Authority | N.C. Low Level Radioactive Waste Management Authority | Public School Insurance | State Health Plan | N.C. Teachers' and State Employees' Benefit Trust | Disability Income Plan of N.C. | June 30, 1993 | June 30, 1992 |
| $ (1) | $ - | $ (197) | $ - | $ - | $ - | $ - | $ - | **$ (31,777)** | $ (19,362) |
| - | - | - | - | - | - | - | - | **411** | 45 |
| - | - | - | - | - | - | - | - | **796** | 58,377 |
| - | - | - | - | - | - | - | - | **(794)** | (764) |
| - | - | - | - | - | - | - | - | **(3,715)** | (126) |
| - | - | - | - | - | - | - | - | **-** | (848) |
| - | - | - | - | - | - | - | - | **-** | 19 |
| - | - | - | - | - | - | - | - | **(74)** | (482) |
| (1) | - | (197) | - | - | - | - | - | **(35,153)** | 36,859 |
| $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | **$ 351,008** | $ 164,094 |
| - | - | - | - | - | - | - | - | **3,288** | (56,048) |
| - | - | - | - | - | - | 2,500 | - | **2,500** | - |
| - | - | - | - | - | - | - | - | **(268,167)** | (191,415) |
| - | - | - | - | - | - | (1,200) | (2,450) | **(3,650)** | (7,118) |
| 24 | 34 | 359 | 705 | 894 | 10,971 | 74 | 141 | **37,321** | 27,137 |
| 24 | 34 | 359 | 705 | 894 | 10,971 | 1,374 | (2,309) | **122,300** | (63,350) |
| 217 | (9) | 1,737 | (9,100) | (69) | 97,492 | 1,503 | (13) | **162,373** | 95,209 |
| 309 | 602 | 1,877 | 12,506 | 12,535 | 95,713 | 1,886 | 1,812 | **208,595** | 113,386 |
| $ 526 | $ 593 | $ 3,614 | $ 3,406 | $ 12,466 | $ 193,205 | $ 3,389 | $ 1,799 | **$ 370,968** | $ 208,595 |
| $ - | $ - | $ - | $ - | $ 2,287 | $ - | $ 8,527 | $ 8,752 | **$ 19,566** | $ 15,727 |
| - | - | - | - | - | - | - | - | **207** | 695 |
| - | - | - | 1,651 | - | - | - | - | **1,651** | 1,497 |
| - | - | - | - | - | - | - | - | **103** | 13,895 |
| - | - | - | - | - | - | - | - | **-** | (920) |
| - | - | - | - | - | - | - | - | **741** | (278) |
| - | - | - | - | - | - | - | - | **-** | 21 |
| - | - | - | - | - | - | - | - | **(2,436)** | - |

## INTERNAL SERVICE FUNDS

*The internal service funds are maintained to account for the operations of State agencies that provide services to other State agencies, departments or other governmental units on a cost reimbursement basis.*

The following activities are included in the internal service funds:

**State Property Fire Insurance Fund**
Self-insurance fund for State agencies

**Central Governmental Services:**
*Department of Corrections:*
Prison Enterprises

*Department of Administration:*
Motor Fleet Management
State Printing Office
Courier Service
Parking Lots
Temporary Solutions
Public Telecommunications

*Office of the State Controller:*
Office Automation Services
State Computer Center
State Telecommunications
Computer System Development
System Integration Services

**Other Funds:**
*Clerk of Supreme Court:*
Printing Department

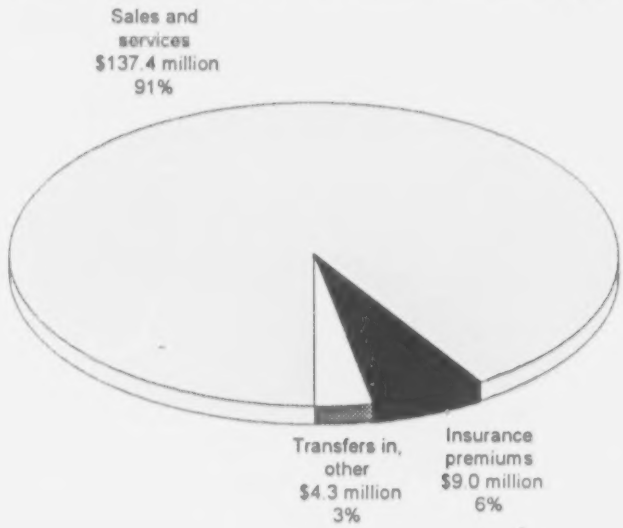
*Department of Administration:*
Administration of Federal Surplus Property

*Cherry Hospital:*
Auxiliary Services (laundry)

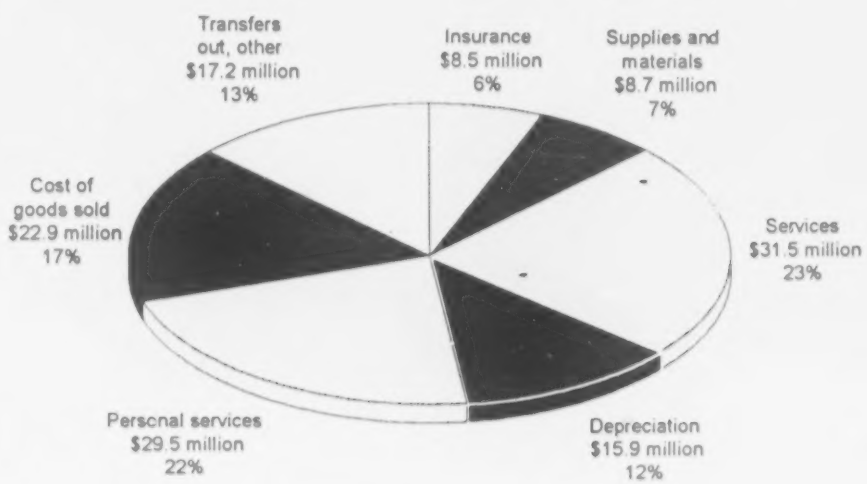
*John Umstead Hospital:*
Auxiliary Services

## Internal Service Funds
## Graphs of Operations

### *Total Revenues and Operating Transfers In*




### *Total Expenses and Operating Transfers Out*


Transfers out, other $17.2 million 13%
Insurance $8.5 million 6%
Supplies and materials $8.7 million 7%
Cost of goods sold $22.9 million 17%
Services $31.5 million 23%
Personal services $29.5 million 22%
Depreciation $15.9 million 12%

*For the year ended June 30, 1993*

# COMBINING BALANCE SHEET
# INTERNAL SERVICE FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | State Property Fire Insurance | Prison Enterprises | Motor Fleet Management | State Printing Office | Courier Service | Parking Lots | Temporary Solutions | Public Telecommunications |
|---|---|---|---|---|---|---|---|---|
| ***ASSETS*** | | | | | | | | |
| **Current Assets:** | | | | | | | | |
| Cash and cash equivalents | $ 2,451 | $ 12,253 | $ 11,430 | $ 66 | $ 775 | $ 1 | $ 321 | $ - |
| Investments | 12,882 | - | - | - | - | - | - | - |
| Receivables: | | | | | | | | |
| Accounts receivable | 2 | 4,530 | 3,685 | 84 | 165 | - | 420 | - |
| Intergovernmental | - | 433 | - | - | - | - | - | - |
| Investment earnings | 8 | - | - | - | - | - | - | - |
| Interfund receivables | - | 253 | - | - | - | - | - | - |
| Inventories | - | 10,002 | 109 | 24 | - | - | - | - |
| Prepaid items | - | 165 | 1 | - | - | 3 | - | - |
| Total current assets | 15,343 | 27,636 | 15,225 | 174 | 940 | 4 | 741 | - |
| **Non-Current Assets:** | | | | | | | | |
| Accounts receivable | - | - | - | - | - | - | - | - |
| Prepaid items | - | - | - | - | - | 5 | - | - |
| Advance to internal service fund | - | - | - | - | - | 100 | - | - |
| Total non-current assets | - | - | - | - | - | 105 | - | - |
| **Fixed Assets:** | | | | | | | | |
| Land | - | 250 | 406 | - | - | - | - | - |
| Buildings | - | 6,605 | 620 | - | - | - | - | - |
| Other structures and improvements | - | 633 | 233 | - | - | 17,130 | - | - |
| Machinery and equipment | - | 12,934 | 67,370 | 315 | 8 | 161 | - | - |
| Construction in progress | - | 802 | 7 | - | - | - | - | - |
| Accumulated depreciation | - | (12,518) | (28,307) | (279) | (2) | (656) | - | - |
| Total fixed assets | - | 8,706 | 40,329 | 36 | 6 | 16,635 | - | - |
| Total Assets | $ 15,343 | $ 36,342 | $ 55,554 | $ 210 | $ 946 | $ 16,744 | $ 741 | $ - |
| ***LIABILITIES AND FUND EQUITY*** | | | | | | | | |
| **Liabilities:** | | | | | | | | |
| **Current Liabilities:** | | | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | | | |
| Accounts payable | $ - | $ 1,493 | $ 998 | $ 6 | $ 39 | $ 17 | $ - | $ - |
| Accrued payroll | - | 763 | 95 | 90 | 80 | 17 | 294 | - |
| Interfund payables | 88 | 150 | 4 | 2 | 3 | 23 | 2 | - |
| Claims and benefits payable | 2,057 | - | - | - | - | - | - | - |
| Deposits payable | - | - | - | - | - | - | - | - |
| Accrued vacation leave | - | 719 | 66 | - | 48 | 9 | 7 | - |
| Deferred revenue | 2,072 | 131 | - | - | - | 2 | - | - |
| Total current liabilities | 4,217 | 3,256 | 1,163 | 98 | 170 | 68 | 303 | - |
| **Long-Term Liabilities:** | | | | | | | | |
| Advance from internal service fund | - | - | - | 100 | - | - | - | - |
| Total long-term liabilities | - | - | - | 100 | - | - | - | - |
| Total Liabilities | 4,217 | 3,256 | 1,163 | 198 | 170 | 68 | 303 | - |
| **Fund Equity:** | | | | | | | | |
| Contributed capital | - | 3,314 | 16,099 | 2 | - | 12,066 | - | - |
| Retained earnings—unreserved | 11,126 | 29,772 | 38,292 | 10 | 776 | 4,610 | 438 | - |
| Total Fund Equity | 11,126 | 33,086 | 54,391 | 12 | 776 | 16,676 | 438 | - |
| Total Liabilities and Fund Equity | $ 15,343 | $ 36,342 | $ 55,554 | $ 210 | $ 946 | $ 16,744 | $ 741 | $ - |

*Exhibit G-1*

| Office Automation Services | State Computer Center | State Telecommunications | Computer System Development | System Integration Services | Clerk of Supreme Court Printing Department | Federal Surplus Property | Cherry Hospital Auxiliary Services | John Umstead Hospital Auxiliary Services | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|---|---|---|---|---|
| $ 11 | $ 15,957 | $ 7,122 | $ 809 | $ 6 | $ 124 | $ 425 | $ 498 | $ 1,508 | $ 53,757 | $ 46,000 |
| - | - | - | - | - | 100 | - | - | - | 12,982 | 11,571 |
| | | | | | | | | | - | |
| 21 | 3,101 | 3,591 | 306 | 42 | 38 | 70 | 55 | 129 | 16,239 | 18,395 |
| - | - | - | - | - | - | - | - | - | 433 | 531 |
| - | - | - | - | - | - | - | - | - | 8 | 11 |
| - | - | 132 | 117 | - | - | - | - | - | 502 | 568 |
| - | 44 | - | - | - | 41 | - | 51 | 219 | 10,490 | 7,876 |
| - | 428 | - | - | - | - | 6 | - | - | 603 | 14 |
| 32 | 19,530 | 10,845 | 1,232 | 48 | 303 | 501 | 604 | 1,856 | 95,014 | 84,966 |
| - | 1 | - | - | - | - | - | - | - | 1 | 1 |
| - | - | - | - | - | - | - | - | - | 5 | 5 |
| - | - | - | - | - | - | - | - | - | 100 | - |
| - | 1 | - | - | - | - | - | - | - | 106 | 6 |
| - | 2,741 | - | - | - | - | 38 | - | - | 3,435 | 3,435 |
| - | 5,772 | - | - | - | - | 403 | 2,308 | 9,772 | 25,480 | 24,764 |
| - | 19 | - | - | - | - | 35 | - | 2,750 | 20,800 | 5,595 |
| - | 36,472 | 10,963 | 457 | - | 32 | 319 | 1,501 | 977 | 131,509 | 115,740 |
| - | 2,697 | - | - | - | - | - | - | 162 | 3,668 | 3,337 |
| - | (16,408) | (5,535) | (108) | - | (26) | (486) | (2,142) | (2,982) | (69,449) | (60,091) |
| - | 31,293 | 5,428 | 349 | - | 6 | 309 | 1,667 | 10,679 | 115,443 | 92,780 |
| $ 32 | $ 50,824 | $ 16,273 | $ 1,581 | $ 48 | $ 309 | $ 810 | $ 2,271 | $ 12,535 | $ 210,563 | $ 177,752 |
| $ - | $ 202 | $ 804 | $ 84 | $ 11 | $ 5 | $ 7 | $ 26 | $ 61 | $ 3,753 | $ 4,919 |
| - | 375 | 200 | 166 | 18 | - | 35 | 83 | 91 | 2,307 | 1,777 |
| - | 251 | - | - | - | - | 3 | - | - | 526 | 542 |
| - | - | - | - | - | - | - | - | - | 2,057 | 957 |
| - | - | - | - | - | - | - | - | 44 | 44 | 39 |
| - | 315 | 195 | 144 | 11 | 9 | 38 | 88 | 94 | 1,743 | 1,668 |
| - | - | - | - | - | - | - | 4 | - | 2,209 | 1,738 |
| - | 1,143 | 1,199 | 394 | 40 | 14 | 83 | 201 | 290 | 12,639 | 11,640 |
| - | - | - | - | - | - | - | - | - | 100 | - |
| - | - | - | - | - | - | - | - | - | 100 | - |
| - | 1,143 | 1,199 | 394 | 40 | 14 | 83 | 201 | 290 | 12,739 | 11,640 |
| - | 5,903 | 1,223 | 15 | - | - | 168 | 3,385 | 12,408 | 54,583 | 43,407 |
| 32 | 43,778 | 13,851 | 1,172 | 8 | 295 | 559 | (1,315) | (163) | 143,241 | 122,705 |
| 32 | 49,681 | 15,074 | 1,187 | 8 | 295 | 727 | 2,070 | 12,245 | 197,824 | 166,112 |
| $ 32 | $ 50,824 | $ 16,273 | $ 1,581 | $ 48 | $ 309 | $ 810 | $ 2,271 | $ 12,535 | $ 210,563 | $ 177,752 |

# COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | State Property Fire Insurance | Prison Enterprises | Motor Fleet Management | State Printing Office | Courier Service | Parking Lots | Temporary Solutions | Public Telecommunications |
|---|---|---|---|---|---|---|---|---|
| **Operating Revenues:** | | | | | | | | |
| Sales and services | $ - | $ 43,476 | $ 23,352 | $ 943 | $ 1,870 | $ - | $ 3,178 | $ - |
| Rental and lease earnings | - | - | - | - | - | 1,085 | - | - |
| Fees, licenses and fines | - | - | 44 | - | - | - | - | - |
| Insurance premiums | 8,997 | - | - | - | - | - | - | - |
| Investment earnings | 1,359 | - | - | - | - | - | - | - |
| Miscellaneous: | | | | | | | | |
| Reinsurance reimbursement | 199 | - | - | - | - | - | - | - |
| Other | - | 6 | - | - | - | - | - | - |
| Total operating revenues | 10,555 | 43,482 | 23,396 | 943 | 1,870 | 1,085 | 3,178 | - |
| **Operating Expenses:** | | | | | | | | |
| Personal services | - | 9,136 | 1,291 | 884 | 1,083 | 501 | 3,015 | - |
| Supplies and materials | - | 1,561 | 5,829 | 2 | 27 | 12 | 1 | - |
| Services | - | 1,773 | 180 | 37 | 454 | 141 | 6 | - |
| Depreciation | - | 975 | 7,805 | 21 | 1 | 59 | - | - |
| Cost of goods sold | - | 22,279 | - | 284 | - | - | - | - |
| Claims and benefits | 2,263 | - | - | - | - | - | - | - |
| Insurance and bonding | 6,914 | 225 | 1,289 | - | - | 8 | - | - |
| Other | - | 2,757 | 198 | - | 14 | 15 | - | - |
| Total operating expenses | 9,177 | 38,706 | 16,592 | 1,228 | 1,579 | 736 | 3,022 | - |
| Operating income (loss) | 1,378 | 4,776 | 6,804 | (285) | 291 | 349 | 156 | - |
| **Nonoperating Revenues (Expenses):** | | | | | | | | |
| Gain (loss) on sale of property and equipment | - | 44 | 478 | (2) | - | - | - | - |
| Investment earnings | - | - | - | - | - | - | - | - |
| Insurance recoveries | - | - | 170 | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | 14 | - | 1 | - | - | - |
| Total nonoperating revenues (expenses) | - | 44 | 662 | (2) | 1 | - | - | - |
| Income (loss) before operating transfers | 1,378 | 4,820 | 7,466 | (287) | 292 | 349 | 156 | - |
| **Operating Transfers:** | | | | | | | | |
| Operating transfers in | - | - | - | 100 | - | - | - | - |
| Operating transfers out | (1,615) | (1,054) | - | - | - | (100) | - | - |
| Total operating transfers in (out) | (1,615) | (1,054) | - | 100 | - | (100) | - | - |
| Net income (loss) | (237) | 3,766 | 7,466 | (187) | 292 | 249 | 156 | - |
| Fund equity—July 1 | 11,363 | 29,266 | 48,464 | 199 | 484 | 1,453 | 282 | 326 |
| Restatements | - | - | 61 | - | - | - | - | - |
| Residual equity transfers out | - | - | - | - | - | - | - | 389 |
| Increases (decreases) in contributed capital | - | 54 | (1,600) | - | - | 14,974 | - | (715) |
| Fund equity—June 30 | $ 11,126 | $ 33,086 | $ 54,391 | $ 12 | $ 776 | $16,676 | $ 438 | $ - |

*Exhibit G-2*

| Office Automation Services | State Computer Center | State Telecommunications | Computer System Development | System Integration Services | Clerk of Supreme Court Printing Department | Federal Surplus Property | Cherry Hospital Auxiliary Services | John Umstead Hospital Auxiliary Services | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|---|---|---|---|---|
| $ 83 | $ 22,577 | $ 32,609 | $ 3,530 | $ 264 | $ 440 | $ 776 | $ 1,576 | $ 2,682 | $ 137,368 | $ 137,087 |
| - | - | - | - | - | - | - | - | - | 1,085 | 1,034 |
| - | - | - | - | - | - | - | - | 4 | 48 | 45 |
| - | - | - | - | - | - | - | - | - | 8,997 | 8,068 |
| - | - | - | - | - | - | - | - | - | 1,369 | 1,255 |
| - | - | - | - | - | - | - | - | - | 199 | - |
| - | - | - | - | - | - | 2 | - | - | 8 | 15 |
| 83 | 22,577 | 32,609 | 3,530 | 264 | 440 | 778 | 1,576 | 2,686 | 149,052 | 147,504 |
| - | 4,368 | 2,627 | 3,354 | 237 | 205 | 472 | 1,108 | 1,175 | 29,456 | 26,474 |
| - | 206 | 31 | 223 | - | 51 | 34 | 129 | 577 | 8,883 | 8,150 |
| 1 | 2,987 | 24,836 | 249 | 7 | 24 | 127 | 288 | 403 | 31,513 | 27,001 |
| - | 5,062 | 1,086 | 73 | - | 5 | 42 | 80 | 736 | 15,945 | 15,524 |
| - | 284 | 5 | - | - | - | - | - | - | 22,662 | 26,796 |
| - | - | - | - | - | - | - | - | - | 2,283 | 1,486 |
| - | 43 | 10 | 2 | - | 1 | 24 | 1 | - | 8,517 | 7,368 |
| 85 | 5,882 | 1,124 | 307 | 12 | 167 | 7 | 3 | 36 | 10,607 | 8,313 |
| 86 | 18,832 | 29,719 | 4,208 | 256 | 453 | 706 | 1,609 | 2,927 | 129,836 | 121,112 |
| (3) | 3,745 | 2,890 | (678) | 8 | (13) | 72 | (33) | (241) | 19,216 | 26,392 |
| - | (88) | - | - | - | 3 | 2 | - | - | 437 | (1,616) |
| - | - | - | - | - | 12 | - | - | - | 12 | 7 |
| - | - | - | - | - | - | - | - | - | 170 | 158 |
| - | - | - | - | - | - | - | - | - | - | (113) |
| - | 17 | 2 | - | - | - | - | - | - | 31 | 47 |
| - | (71) | 2 | - | - | 15 | 2 | - | - | 651 | (1,517) |
| (3) | 3,674 | 2,892 | (678) | 8 | 2 | 74 | (33) | (241) | 19,867 | 24,875 |
| - | - | - | 1,506 | - | - | - | - | - | 1,663 | 157 |
| - | (1,534) | (23) | (7) | - | - | - | - | - | (4,390) | (2,646) |
| - | (1,534) | (23) | 1,499 | - | - | - | - | - | (2,727) | (2,489) |
| (3) | 2,140 | 2,869 | 821 | 8 | 2 | 74 | (33) | (241) | 17,140 | 22,386 |
| 35 | 47,513 | 10,989 | 366 | - | 292 | 608 | 2,103 | 12,369 | 186,113 | 138,840 |
| - | - | - | - | - | 1 | 35 | - | - | 97 | 821 |
| - | - | - | - | - | - | - | - | - | 399 | - |
| - | 28 | 1,216 | - | - | - | 10 | - | 117 | 14,084 | 4,065 |
| $ 32 | $ 49,681 | $ 15,074 | $ 1,187 | $ 8 | $ 295 | $ 727 | $ 2,070 | $12,245 | $ 197,824 | $ 166,112 |

# COMBINING STATEMENT OF CASH FLOWS
# INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | State Property Fire Insurance | Prison Enterprises | Motor Fleet Management | State Printing Office | Courier Service | Parking Lots | Temporary Solutions | Public Telecommunications |
|---|---|---|---|---|---|---|---|---|
| **Cash Provided From (Used For) Operations:** | | | | | | | | |
| Operating income (loss) | $ 1,378 | $ 4,776 | $ 6,804 | $ (285) | $ 291 | $ 349 | $ 156 | $ - |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | | | | | | |
| Depreciation | - | 975 | 7,805 | 21 | 1 | 59 | - | - |
| Investment earnings | (1,359) | - | - | - | - | - | - | - |
| Prior year adjustment of fixed asset writedown | - | - | - | - | - | - | - | - |
| Prior year construction in progress expensed current year | - | - | - | - | - | - | - | - |
| Depreciation allocated to other GASBs purchased in cash | - | - | - | - | - | - | - | - |
| Increases (decreases) in assets: | | | | | | | | |
| Receivables | 8 | (256) | (194) | 23 | 1 | 1 | (95) | 70 |
| Interfund receivables | - | 120 | 195 | - | - | - | - | - |
| Inventories | - | (2,646) | - | 60 | - | - | - | - |
| Prepaid items | - | (165) | - | - | - | - | - | 3 |
| Increases (decreases) in liabilities: | | | | | | | | |
| Accounts payable and accrued liabilities | - | 164 | 111 | 18 | 6 | (2) | 283 | (38) |
| Interfund payables | - | 16 | (8) | - | - | (16) | (84) | (182) |
| Claims payable | 1,100 | - | - | - | - | - | - | - |
| Deposits payable | - | - | - | - | - | - | - | - |
| Accrued vacation leave | - | 51 | 2 | (41) | 4 | 2 | 2 | (26) |
| Deferred revenue | 437 | 35 | - | - | - | (4) | - | - |
| Total cash provided from (used for) operations | 1,564 | 3,070 | 14,715 | (204) | 303 | 389 | 262 | (173) |
| **Cash Provided From (Used For) Noncapital Financing Activities:** | | | | | | | | |
| Operating transfers in | - | - | - | 100 | - | - | - | - |
| Operating transfers out | (1,602) | (1,054) | - | - | - | (100) | - | - |
| Nonoperating miscellaneous income | - | - | 14 | - | 1 | - | - | - |
| Increase in contributed capital | - | - | - | - | - | - | - | 138 |
| Decrease in contributed capital | - | - | - | - | - | (157) | - | - |
| Advance to internal service fund | - | - | - | - | - | (100) | - | - |
| Advance from internal service fund | - | - | - | 100 | - | - | - | - |
| Total cash provided from (used for) noncapital financing activities | (1,602) | (1,054) | 14 | 200 | 1 | (357) | - | 138 |
| **Cash Provided From (Used For) Capital Financing Activities:** | | | | | | | | |
| Acquisition of fixed assets | - | (2,288) | (12,418) | (7) | - | (36) | - | - |
| Proceeds from the sale of fixed assets | - | 84 | 1,843 | - | - | - | - | - |
| Operating transfers in | - | - | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - | - |
| Decrease in contributed capital | - | - | (1,600) | - | - | - | - | - |
| Principal payments on capital leases | - | - | - | - | - | - | - | - |
| Interest payments on capital leases | - | - | - | - | - | - | - | - |
| Insurance recoveries | - | - | 170 | - | - | - | - | - |
| Total cash provided from (used for) capital financing activities | - | (2,204) | (12,005) | (7) | - | (36) | - | - |

*Exhibit G-3*

| Office Automation Services | State Computer Center | State Telecommunications | Computer System Development | System Integration Services | Clerk of Supreme Court Printing Department | Federal Surplus Property | Cherry Hospital Auxiliary Services | John Umstead Hospital Auxiliary Services | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|---|---|---|---|---|
| $ (3) | $ 3,745 | $ 2,890 | $ (678) | $ 8 | $ (13) | $ 72 | $ (33) | $ (241) | $ 19,216 | $ 26,392 |
| - | 5,062 | 1,086 | 73 | - | 5 | 42 | 80 | 736 | 15,945 | 15,524 |
| - | - | - | - | - | - | - | - | - | (1,359) | (1,255) |
| - | - | - | - | - | - | - | - | - | - | 2 |
| - | - | - | - | - | - | - | - | - | - | 197 |
| - | 3 | (2) | (1) | - | - | - | - | - | - | - |
| (15) | 3,364 | (648) | (56) | (42) | (1) | (10) | 79 | 25 | 2,254 | 1,765 |
| - | - | (132) | (117) | - | - | - | - | - | 66 | (229) |
| - | 22 | 3 | - | - | - | - | 9 | (62) | (2,614) | 2,461 |
| - | (428) | - | - | - | - | 2 | - | - | (588) | 1 |
| - | (180) | (1,715) | (13) | 29 | (72) | 3 | 2 | 89 | (1,315) | 277 |
| - | 248 | - | - | - | - | - | - | - | (26) | 273 |
| - | - | - | - | - | - | - | - | - | 1,100 | 482 |
| - | - | - | - | - | - | - | - | 5 | 5 | 5 |
| - | 20 | 26 | 1 | 11 | 1 | - | 3 | 19 | 75 | (27) |
| - | - | - | - | - | - | - | 3 | - | 471 | 691 |
| (18) | 11,856 | 1,508 | (791) | 6 | (80) | 109 | 143 | 571 | 33,230 | 46,559 |
| - | - | - | 1,506 | - | - | - | - | - | 1,606 | 150 |
| - | (1,534) | (27) | (7) | - | - | - | - | - | (4,324) | (2,496) |
| - | 17 | 2 | - | - | - | - | - | - | 34 | 47 |
| - | - | - | - | - | - | - | - | - | 138 | - |
| - | - | - | - | - | - | - | - | - | (157) | (106) |
| - | - | - | - | - | - | - | - | - | (100) | - |
| - | - | - | - | - | - | - | - | - | 100 | - |
| - | (1,517) | (25) | 1,499 | - | - | - | - | - | (2,703) | (2,405) |
| - | (5,596) | (2,540) | (385) | - | - | (35) | (103) | (30) | (23,438) | (28,464) |
| - | 203 | - | - | - | 3 | 2 | - | - | 2,135 | 6,140 |
| - | - | - | - | - | - | - | - | - | - | 7 |
| - | - | - | - | - | - | - | - | - | - | (151) |
| - | - | - | - | - | - | - | - | - | (1,600) | (3,500) |
| - | - | - | - | - | - | - | - | - | - | (2,589) |
| - | - | - | - | - | - | - | - | - | - | (113) |
| - | - | - | - | - | - | - | - | - | 170 | 158 |
| - | (5,393) | (2,540) | (385) | - | 3 | (33) | (103) | (30) | (22,733) | (28,512) |

*Continued*

## COMBINING STATEMENT OF CASH FLOWS (continued)
## INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Property Fire Insurance | Prison Enterprises | Motor Fleet Management | State Printing Office | Courier Service | Parking Lots | Temporary Solutions | Public Telecommunications |
|---|---|---|---|---|---|---|---|---|
| **Cash Provided From (Used For) Investment Activities:** | | | | | | | | |
| Proceeds from the sale/maturities of non-State Treasurer investments | - | - | - | - | - | - | - | - |
| Redemptions from the State Treasurer Long-Term Investment Pool | 200 | - | - | - | - | - | - | - |
| Purchase of non-State Treasurer investments | - | - | - | - | - | - | - | - |
| Purchase into State Treasurer Long-Term Investment Pool | (585) | - | - | - | - | - | - | - |
| Investment earnings | 261 | - | - | - | - | - | - | - |
| Total cash provided from (used for) investment activities | (124) | - | - | - | - | - | - | - |
| Net increase (decrease) in cash and cash equivalents | (162) | (188) | 2,724 | (11) | 304 | (4) | 262 | (35) |
| Cash and cash equivalents at July 1 | 2,613 | 12,441 | 8,706 | 77 | 471 | 5 | 59 | 35 |
| Cash and cash equivalents at June 30 | $ 2,451 | $ 12,253 | $ 11,430 | $ 66 | $ 775 | $ 1 | $ 321 | $ - |
| **Noncash Investing, Capital, and Financing Activities:** | | | | | | | | |
| Noncash distributions from the State Treasurer Long-Term Investment Pool | $ 1,101 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Increase in contributed capital | - | 54 | - | - | - | 15,131 | - | - |
| Decrease in contributed capital | - | - | - | - | - | (2,908) | - | (830) |
| Assets acquired through the assumption of a liability | - | - | 516 | - | - | - | - | - |
| Change in construction in progress as a result of accrual accounts payable | - | - | - | - | - | - | - | - |
| Component parts added to base asset to make greater than $5,000 | - | - | - | - | - | - | - | - |

*Exhibit G-3*

| Office Automation Services | State Computer Center | State Telecommunications | Computer System Development | System Integration Services | Clerk of Court Printing Department | Federal Surplus Property | Hospital Auxiliary Services | John Hospital Auxiliary Services | June 30, 1993 | June 30, 1992 |
|---|---|---|---|---|---|---|---|---|---|---|
| - | - | - | - | - | 175 | - | - | - | 175 | - |
| - | - | - | - | - | - | - | - | - | 200 | - |
| - | - | - | - | - | (100) | - | - | - | (100) | (175) |
| - | - | - | - | - | - | - | - | - | (586) | - |
| - | - | - | - | - | 12 | - | - | - | 273 | 244 |
| - | - | - | - | - | 87 | - | - | - | (37) | 69 |
| (18) | 4,946 | (1,057) | 323 | 6 | 10 | 76 | 40 | 541 | 7,757 | 15,711 |
| 29 | 11,011 | 8,179 | 486 | - | 114 | 349 | 458 | 967 | 46,000 | 30,289 |
| $ 11 | $ 15,957 | $ 7,122 | $ 809 | $ 6 | $ 124 | $ 425 | $ 498 | $ 1,508 | $ 53,757 | $ 46,000 |
| $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,101 | $ 1,015 |
| - | 28 | 1,216 | - | - | - | 10 | - | - | 16,439 | 8,869 |
| - | - | - | - | - | - | - | - | - | (3,736) | (1,198) |
| - | 25 | 138 | - | - | - | - | - | - | 670 | 341 |
| - | - | - | - | - | - | - | - | 127 | 127 | 35 |
| - | - | - | - | - | - | - | - | - | - | 19 |

## Trust and Agency Funds

*The trust and agency funds are maintained to account for assets held by the State in the capacity of a trustee or agency. These funds include expendable trusts, nonexpendable trusts, pension trusts and agency funds.*

The following activities are included in the trust and agency funds:

### Expendable Trusts

Expendable trust funds consist of various trust funds administered by the State, including significant funds for unemployment compensation, the Escheat Fund, the 401(k) Supplemental Retirement Income Fund, the Recreation and Natural Heritage Trust Fund, the N.C. Candidates Financing Fund, the N.C. Political Parties Financing Fund, the Presidential Election Year Candidates Fund, and numerous departmental trusts. These funds are accounted for using the modified accrual basis of accounting.

### Nonexpendable Trusts

Nonexpendable trust funds consist of various trust funds that are administered by the State and primarily relate to educational loan programs, the Wildlife Endowment Program and the Clean Water Program. These funds are accounted for using the accrual basis of accounting.

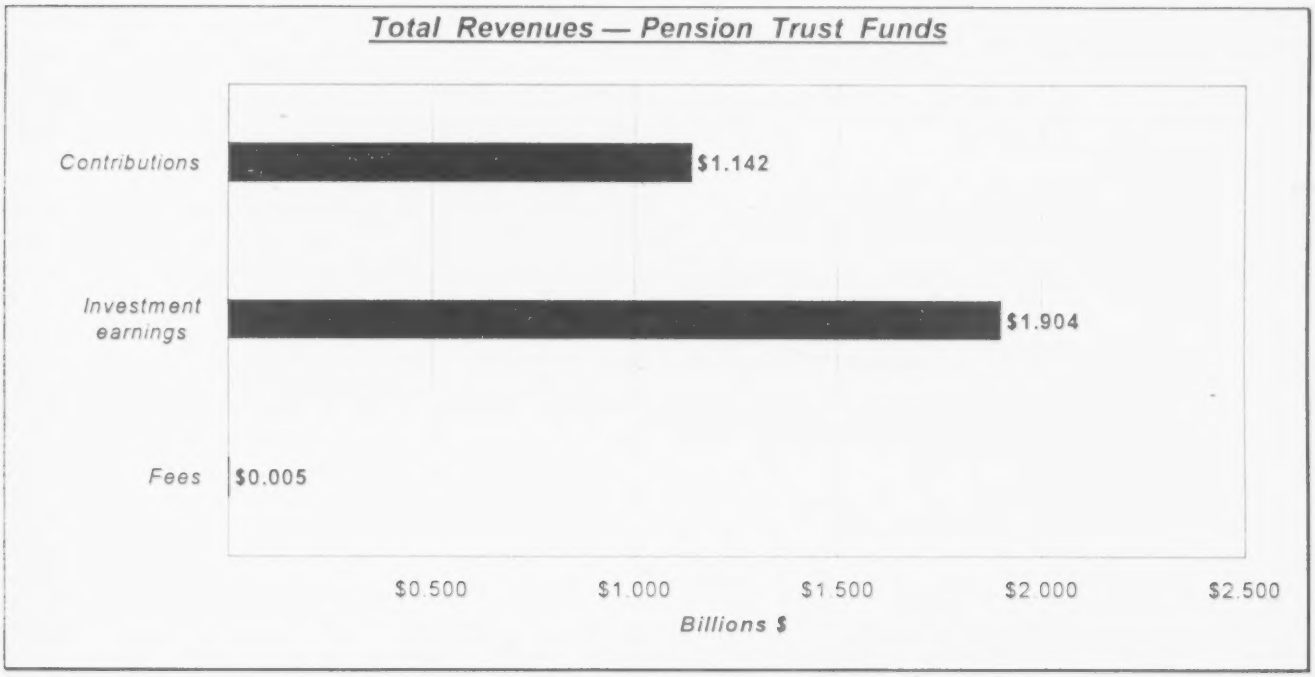
### Pension Trusts

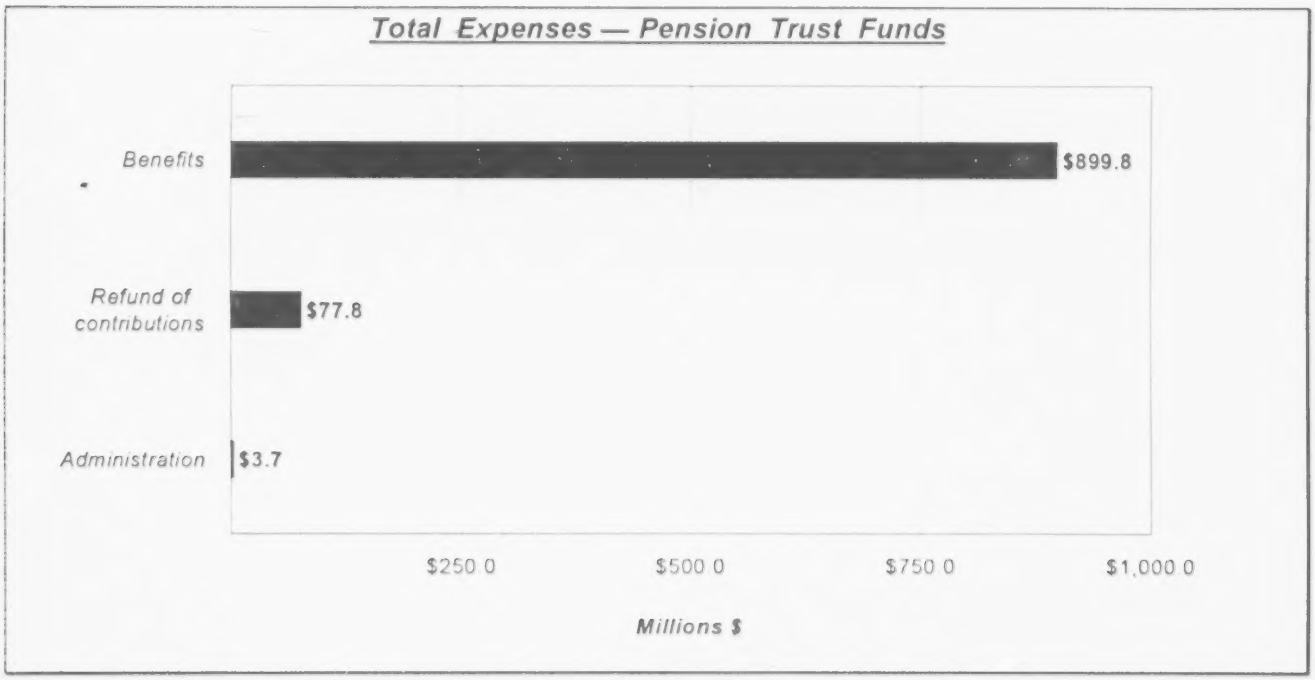
The pension trust funds reflect the activities of the six retirement systems administered by the State. These funds are accounted for using the accrual basis of accounting.

### Agency Funds

Agency funds consist of the Employee Deferred Compensation Plan and numerous departmental funds for which the State acts solely in a custodial capacity. The State retains no equity in these funds, and assets equal liabilities. These funds are accounted for using the modified accrual basis of accounting.

## Trust and Agency Funds
## Graphs of Pension Trust Funds' Operations




*For the year ended June 30, 1993*

# COMBINING BALANCE SHEET
# TRUST AND AGENCY FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Expendable Trust Funds | Nonexpendable Trust Funds | Pension Trust Funds | Agency Funds | | |
|---|---|---|---|---|---|---|
| | | | | Departmental | Deferred Compensation Plan | Total Agency |
| ***ASSETS*** | | | | | | |
| Cash and cash equivalents | $ 321,302 | $ 41,751 | $ 29,571 | $ 592,805 | $ 7 | $ 592,812 |
| Investments | 484,123 | 25,744 | 22,234,268 | 74,556 | 267,340 | 341,896 |
| Deposit with Federal government | 1,449,731 | - | - | - | - | - |
| Receivables: | | | | | | |
| Accounts receivable | 19,052 | 15 | 413 | 1,180 | - | 1,180 |
| Intergovernmental receivables | - | - | - | - | - | - |
| Investment earnings | 1,319 | 1,733 | 522 | 1,080 | - | 1,080 |
| Contributions | 6,423 | - | 97,080 | - | 1,627 | 1,627 |
| Interfund receivables | 546 | - | - | 4,073 | - | 4,073 |
| Notes receivable | 36,625 | 98,390 | - | - | - | - |
| Inventories | 891 | - | - | - | - | - |
| Sureties | - | - | - | 399,300 | - | 399,300 |
| Total Assets | $ 2,320,012 | $ 167,633 | $ 22,361,854 | $ 1,072,994 | $ 268,974 | $ 1,341,968 |
| ***LIABILITIES AND FUND BALANCES*** | | | | | | |
| **Liabilities:** | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | |
| Accounts payable | $ 1,252 | $ - | $ - | $ 698 | $ - | $ 698 |
| Accrued payroll | 10 | - | - | - | - | - |
| Intergovernmental payables | 943 | 4 | - | 478,466 | - | 478,466 |
| Due to plan participants | - | - | - | - | 268,974 | 268,974 |
| Interfund payables | 8,405 | 1,051 | - | 12,859 | - | 12,859 |
| Claims and benefits payable | 856 | - | 176 | 10,771 | - | 10,771 |
| Deposits payable | 2 | - | - | 570,200 | - | 570,200 |
| Deferred revenue | 6,040 | - | - | - | - | - |
| Total Liabilities | 17,508 | 1,055 | 176 | 1,072,994 | 268,974 | 1,341,968 |
| **Fund Balances:** | | | | | | |
| Reserved | 606,407 | 194,868 | 22,361,678 | - | - | - |
| Unreserved: | | | | | | |
| Undesignated | 1,696,097 | (28,290) | - | - | - | - |
| Total Fund Balances | 2,302,504 | 166,578 | 22,361,678 | - | - | - |
| Total Liabilities and Fund Balances | $ 2,320,012 | $ 167,633 | $ 22,361,854 | $ 1,072,994 | $ 268,974 | $ 1,341,968 |

*Exhibit H-1*

| Totals | |
|---|---|
| June 30, 1993 | June 30, 1992 |
| $ 985,436 | $ 946,692 |
| 23,086,031 | 20,924,886 |
| 1,449,731 | 1,337,184 |
| 20,660 | 13,227 |
| - | 4,164 |
| 4,654 | 3,866 |
| 105,130 | 88,584 |
| 4,619 | 2,892 |
| 135,015 | 72,932 |
| 891 | 724 |
| 399,300 | 366,892 |
| $ 26,191,467 | $ 23,762,043 |
| $ 1,950 | $ 1,991 |
| 10 | 10 |
| 479,413 | 467,199 |
| 268,974 | 240,447 |
| 22,315 | 12,657 |
| 11,803 | 12,615 |
| 570,202 | 523,792 |
| 6,040 | 6,045 |
| 1,360,707 | 1,264,756 |
| 23,162,953 | 20,929,436 |
| 1,667,807 | 1,567,851 |
| 24,830,760 | 22,497,287 |
| $ 26,191,467 | $ 23,762,043 |

# COMBINING BALANCE SHEET
# EXPENDABLE TRUST FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Unemployment Compensation Funds | Escheat Fund | 401(k) Supplemental Retirement Income Plan | Recreation and Natural Heritage Trust Fund | N.C. Candidates Financing Fund | N.C. Political Parties Financing Fund |
|---|---|---|---|---|---|---|
| *ASSETS* | | | | | | |
| Cash and cash equivalents | $ 214,970 | $ 9,774 | $ 70,461 | $ 5,095 | $ 114 | $ 216 |
| Investments | - | 99,531 | 381,782 | - | - | - |
| Deposit with Federal government | 1,449,731 | - | - | - | - | - |
| Receivables: | | | | | | |
| Accounts receivable | 18,978 | - | - | - | - | - |
| Intergovernmental receivables | - | - | - | - | - | - |
| Investment earnings | 1,109 | 49 | - | 26 | 1 | 1 |
| Contributions | - | - | 6,324 | - | - | - |
| Interfund receivables | 300 | - | - | 16 | 14 | 208 |
| Notes receivable | - | - | 33,159 | - | - | - |
| Inventories | - | - | - | - | - | - |
| Total Assets | $ 1,685,088 | $ 109,354 | $ 491,726 | $ 5,137 | $ 129 | $ 425 |
| *LIABILITIES AND FUND BALANCES* | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | | | | | | |
| Accounts payable | $ 352 | $ 71 | $ 602 | $ - | $ - | $ - |
| Accrued payroll | - | - | - | - | - | - |
| Intergovernmental payables | 681 | - | - | - | - | - |
| Interfund payables | - | 7,724 | - | - | - | - |
| Claims and benefits payable | 704 | - | 152 | - | - | - |
| Deposits payable | - | - | - | - | - | - |
| Deferred revenue | 5,873 | 74 | - | - | - | - |
| Total Liabilities | 7,610 | 7,869 | 754 | - | - | - |
| Fund Balances: | | | | | | |
| Reserved | - | 101,485 | 490,972 | - | - | 425 |
| Unreserved | | | | | | |
| Undesignated | 1,677,478 | - | - | 5,137 | 129 | - |
| Total Fund Balances | 1,677,478 | 101,485 | 490,972 | 5,137 | 129 | 425 |
| Total Liabilities and Fund Balances | $ 1,685,088 | $ 109,354 | $ 491,726 | $ 5,137 | $ 129 | $ 425 |

*Exhibit H-2*

| Presidential Election Year Candidates Fund | Departmental | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|
| $ - | $ 20,672 | $ 321,302 | $ 315,921 |
| - | 2,810 | 484,123 | 411,359 |
| - | - | 1,449,731 | 1,337,184 |
| - | 74 | 19,082 | 11,611 |
| - | - | - | 4,164 |
| - | 133 | 1,319 | 1,500 |
| - | 99 | 6,423 | 5,373 |
| - | 8 | 546 | 622 |
| - | 3,466 | 38,625 | 26,220 |
| - | 891 | 891 | 724 |
| $ - | $ 28,153 | $ 2,320,012 | $ 2,114,678 |
| | | | |
| $ - | $ 227 | $ 1,252 | $ 1,070 |
| - | 10 | 10 | 10 |
| - | 262 | 943 | 1,648 |
| - | 681 | 8,405 | 7,378 |
| - | - | 856 | 4,541 |
| - | 2 | 2 | 71 |
| - | 93 | 6,040 | 6,045 |
| - | 1,275 | 17,508 | 20,763 |
| - | 13,525 | 606,407 | 503,998 |
| - | 13,353 | 1,696,097 | 1,589,917 |
| - | 26,878 | 2,302,504 | 2,093,915 |
| $ - | $ 28,153 | $ 2,320,012 | $ 2,114,678 |

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Unemployment Compensation Funds | Escheat Fund | 401(k) Supplemental Retirement Income Plan | Recreation and Natural Heritage Trust Fund | N.C. Candidates Financing Fund | N.C. Political Parties Financing Fund |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Taxes | $ 296,959 | $ - | $ - | $ - | $ - | $ - |
| Federal funds | 214,363 | - | - | - | - | - |
| Local funds | - | - | - | - | - | - |
| Investment earnings | 117,317 | 8,736 | 27,494 | 341 | 6 | 2 |
| Interest earnings on loans | - | - | 2,061 | - | - | - |
| Sales and services | - | - | - | - | - | - |
| Sale, rental and lease of property | - | - | - | - | - | - |
| Fees, licenses and fines | - | - | 1,961 | - | - | - |
| Contributions | - | - | 81,855 | - | 22 | - |
| Miscellaneous | 640 | 2 | - | - | - | - |
| Total revenues | 629,279 | 8,738 | 113,371 | 341 | 28 | 2 |
| **Expenditures:--** | | | | | | |
| Current: | | | | | | |
| General government | - | 118 | 2,871 | - | - | 200 |
| Education | - | - | - | - | - | - |
| Human resources | - | - | - | - | - | - |
| Environment, health and natural resources | - | - | - | 37 | - | - |
| Public safety and corrections | - | - | - | - | - | - |
| Agriculture | - | - | - | - | - | - |
| Claims and benefits | 494,820 | - | 17,864 | - | - | - |
| Total expenditures | 494,820 | 118 | 20,735 | 37 | - | 200 |
| Excess revenues over (under) expenditures | 134,459 | 8,620 | 92,636 | 304 | 28 | (198) |
| **Other Financing Sources (Uses):** | | | | | | |
| Operating transfers in | - | - | - | 3,350 | - | 423 |
| Operating transfers out | (13,817) | (8,621) | - | (3,393) | - | - |
| Transfer to private sector | - | - | - | - | - | - |
| Funds escheated | - | 17,511 | - | - | - | - |
| Refund of funds escheated | - | (2,663) | - | - | - | - |
| Total other financing sources (uses) | (13,817) | 6,227 | - | (43) | - | 423 |
| Excess of revenues and other sources over (under) expenditures and other uses | 120,642 | 14,847 | 92,636 | 261 | 28 | 225 |
| Fund balances—July 1 | 1,556,836 | 86,638 | 398,336 | 4,706 | 101 | 200 |
| Restatements | - | - | - | 170 | - | - |
| Increase (decrease) in reserve for inventories | - | - | - | - | - | - |
| Fund balances—June 30 | $ 1,677,478 | $ 101,485 | $ 490,972 | $ 5,137 | $ 129 | $ 425 |

*Exhibit H-3*

| Presidential Election Year Candidates Fund | Departmental | Totals June 30, 1993 | June 30, 1992 |
|---|---|---|---|
| $ - | $ - | $ 298,959 | $ 272,976 |
| - | - | 214,363 | 113,463 |
| - | 114 | 114 | 117 |
| - | 2,277 | 156,173 | 191,192 |
| - | 229 | 2,290 | 2,010 |
| - | 16,320 | 16,320 | 14,909 |
| - | 308 | 308 | 480 |
| - | 8,187 | 10,148 | 7,075 |
| - | 1,527 | 53,404 | 72,848 |
| - | 796 | 1,438 | 470 |
| - | 29,758 | 781,517 | 675,540 |
| 2 | 285 | 3,476 | 4,411 |
| - | 844 | 844 | 613 |
| - | 1,098 | 1,098 | 1,005 |
| - | - | 37 | 97 |
| - | 18,727 | 18,727 | 16,987 |
| - | 687 | 687 | 692 |
| - | 2,344 | 515,028 | 561,117 |
| 2 | 23,985 | 539,897 | 584,922 |
| (2) | 5,773 | 241,620 | 90,618 |
| - | 889 | 4,662 | 4,426 |
| - | (1,157) | (28,968) | (21,782) |
| - | (25,889) | (25,889) | - |
| - | - | 17,511 | 15,322 |
| - | - | (2,663) | (2,145) |
| - | (26,157) | (33,367) | (4,179) |
| (2) | (20,384) | 208,253 | 86,439 |
| 2 | 47,096 | 2,093,918 | 2,007,488 |
| - | - | 170 | 3 |
| - | 166 | 166 | (15) |
| $ - | $ 26,878 | $ 2,302,504 | $ 2,093,915 |

# COMBINING BALANCE SHEET
# NONEXPENDABLE TRUST FUNDS

June 30, 1993 (With Comparative Totals for 1992) *Exhibit H-4*

*(Expressed in Thousands)*

| | Public Education Loan Funds | Community Colleges Loans and Scholarships | Wildlife Endowment Program | Clean Water Fund | Other Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|---|---|
| *ASSETS* | | | | | | | |
| Cash and cash equivalents | $ 3,443 | $ 4,268 | $ 1,097 | $ 32,334 | $ 609 | $ 41,751 | $ 40,596 |
| Investments | - | 601 | 25,143 | - | - | 25,744 | 23,319 |
| Receivables: | | | | | | | |
| Accounts receivable | 15 | - | - | - | - | 15 | 12 |
| Investment earnings | 1,358 | 36 | 6 | 331 | 2 | 1,733 | 652 |
| Notes receivable | 10,188 | 15 | - | 88,101 | 86 | 98,390 | 46,712 |
| Total Assets | $ 15,004 | $ 4,920 | $ 26,246 | $120,766 | $ 697 | $ 167,633 | $ 111,291 |
| *LIABILITIES AND FUND BALANCES* | | | | | | | |
| **Liabilities:** | | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | | |
| Intergovernmental payables | $ - | $ 4 | $ - | $ - | $ - | $ 4 | $ - |
| Interfund payables | - | - | 1,051 | - | - | 1,051 | - |
| Total Liabilities | - | 4 | 1,051 | - | - | 1,055 | - |
| **Fund Balances:** | | | | | | | |
| Reserved | 15,004 | 4,515 | 25,195 | 150,068 | 86 | 194,868 | 133,357 |
| Unreserved: | | | | | | | |
| Undesignated | - | 401 | - | (29,302) | 611 | (28,290) | (22,066) |
| Total Fund Balances | 15,004 | 4,916 | 25,195 | 120,766 | 697 | 166,578 | 111,291 |
| Total Liabilities and Fund Balances | $ 15,004 | $ 4,920 | $ 26,246 | $120,766 | $ 697 | $ 167,633 | $ 111,291 |

# COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES NONEXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit H-5*

*(Expressed in Thousands)*

| | Public Education Loan Funds | Community Colleges Loans and Scholarships | Wildlife Endowment Program | Clean Water Fund | Other Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|---|---|
| **Operating Revenues:** | | | | | | | |
| Federal funds | $ - | $ - | $ - | $ 44,405 | $ - | $ 44,405 | $ - |
| Investment earnings | 328 | 341 | 2,218 | 2,066 | 29 | 4,982 | 5,173 |
| Interest earnings on loans | 1,615 | - | - | 1,255 | - | 2,870 | 889 |
| Fees, licenses and fines | - | - | 1,285 | 1,364 | 15 | 2,664 | 1,853 |
| Contributions | - | 105 | 12 | - | - | 117 | 148 |
| Total operating revenues | 1,943 | 446 | 3,515 | 49,090 | 44 | 55,038 | 8,063 |
| **Operating Expenses:** | | | | | | | |
| Personal services | 30 | 7 | - | - | - | 37 | 78 |
| Grants to local governments | - | - | - | 291 | - | 291 | 899 |
| Other expenses: | | | | | | | |
| Loan cancellation and write-offs | 9,823 | - | - | - | - | 9,823 | 6,398 |
| Scholarships | - | 422 | - | - | - | 422 | 523 |
| Other | 14 | 15 | - | - | - | 29 | 31 |
| Total operating expenses | 9,867 | 444 | - | 291 | - | 10,602 | 7,929 |
| Operating income (loss) | (7,924) | 2 | 3,515 | 48,799 | 44 | 44,436 | 134 |
| **Operating Transfers:** | | | | | | | |
| Operating transfers in | 8,650 | - | - | 4,400 | - | 13,050 | 29,920 |
| Operating transfers out | (39) | - | (1,051) | (108) | (1) | (1,199) | (1,012) |
| Total operating transfers in (out) | 8,611 | - | (1,051) | 4,292 | (1) | 11,851 | 28,908 |
| Net income | 687 | 2 | 2,464 | 53,091 | 43 | 56,287 | 29,042 |
| Fund balances—July 1 | 15,317 | 4,914 | 22,731 | 67,675 | 654 | 111,291 | 84,749 |
| Residual equity transfers out | (1,000) | - | - | - | - | (1,000) | (2,500) |
| Fund balances—June 30 | $ 15,004 | $ 4,916 | $ 25,195 | $120,766 | $ 697 | $ 166,578 | $ 111,291 |

# COMBINING STATEMENT OF CASH FLOWS
# NONEXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Public Education Loan Funds | Community Colleges Loans and Scholarships | Wildlife Endowment Program | Clean Water Fund | Other Funds |
|---|---|---|---|---|---|
| **Cash Provided From (Used For) Operations:** | | | | | |
| Operating income (loss) | $ (7,924) | $ 2 | $ 3,515 | $ 48,799 | $ 44 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | | | |
| Investment earnings | (328) | (341) | (2,218) | (2,066) | (29) |
| Mortgage/loan/note principal repayments | 701 | - | - | 1,611 | 26 |
| Mortgages/loans/notes issued | (9,087) | - | - | (54,258) | (74) |
| Mortgage/loan/note cancellation and writeoffs | 9,404 | - | - | - | - |
| Changes in assets and liabilities: | | | | | |
| (Increase) decrease in receivables | (1,019) | - | - | (90) | - |
| Increase (decrease) in interfund payables | - | - | 1,051 | - | - |
| Increase (decrease) in intergovernmental payables | - | 4 | - | - | - |
| Total cash provided from (used for) operations | (8,253) | (335) | 2,348 | (6,004) | (33) |
| **Cash Provided From (Used For) Noncapital Financing Activities:** | | | | | |
| Operating transfers in | 8,650 | - | - | 4,400 | - |
| Operating transfers out | (39) | - | (1,051) | (108) | (1) |
| Residual equity transfers out | (1,000) | - | - | - | - |
| Total cash provided from (used for) noncapital financing activities | 7,611 | - | (1,051) | 4,292 | (1) |
| **Cash Provided From (Used For) Investment Activities:** | | | | | |
| Proceeds from the sale/maturities of non-State Treasurer investments | - | 160 | - | - | - |
| Redemptions from the State Treasurer Long-Term Investment Pool | - | - | 1,052 | - | - |
| Purchase of non-State Treasurer investments | - | (159) | | - | - |
| Purchase into State Treasurer Long-Term Investment Pool | - | - | (1,286) | - | - |
| Bond premium not amortized | - | 15 | - | - | - |
| Investment earnings | 332 | 346 | 10 | 2,082 | 29 |
| Total cash provided from (used for) investment activities | 332 | 362 | (224) | 2,082 | 29 |
| Net increase (decrease) in cash and cash equivalents | (310) | 27 | 1,073 | 370 | (5) |
| Cash and cash equivalents at July 1 | 3,753 | 4,241 | 24 | 31,964 | 614 |
| Cash and cash equivalents at June 30 | $ 3,443 | $ 4,268 | $ 1,097 | $ 32,334 | $ 609 |
| **Noncash Investing, Capital, and Financing Activites:** | | | | | |
| Noncash distributions from the State Treasurer Long-Term Investment Pool | $ - | $ - | $ 2,206 | $ - | $ - |

*Exhibit H-6*

| Totals | |
|---|---|
| June 30, 1993 | June 30, 1992 |
| [illegible] | $ 134 |
| [illegible] | |
| (4,982) | (5,173) |
| 2,338 | 1,696 |
| (63,419) | (29,608) |
| 9,404 | 6,413 |
| [illegible] | |
| (1,100) | 5 |
| 1,051 | - |
| 4 | - |
| (12,277) | (26,533) |
| [illegible] | |
| 13,050 | 29,920 |
| (1,199) | (1,012) |
| (1,000) | (2,500) |
| 10,851 | 26,408 |
| [illegible] | |
| 160 | 245 |
| 1,062 | 842 |
| (159) | (245) |
| (1,286) | (1,089) |
| 15 | - |
| 2,759 | 3,131 |
| 2,551 | 2,884 |
| [illegible] | |
| 1,185 | 2,759 |
| 40,566 | 37,837 |
| $ 41,751 | $ 40,596 |
| [illegible] | |
| [illegible] | |
| $ 2,205 | $ 2,036 |

# COMBINING BALANCE SHEET
# PENSION TRUST FUNDS

June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Teachers' and State Employees' Retirement System | Consolidated Judicial Retirement System | Legislative Retirement System | Firemen's and Rescue Squad Workers' Pension Fund | North Carolina National Guard Pension Fund |
|---|---|---|---|---|---|
| ***ASSETS*** | | | | | |
| Cash and cash equivalents | $ 21,094 | $ 502 | $ 201 | $ 130 | $ 200 |
| Investments | 17,798,930 | 130,942 | 8,773 | 94,409 | 15,461 |
| Receivables: | | | | | |
| Accounts receivable | 243 | - | - | - | - |
| Investment earnings | 333 | 3 | 1 | 3 | 1 |
| Contributions | 76,750 | 737 | 68 | - | - |
| Total Assets | $ 17,897,350 | $ 132,184 | $ 9,043 | $ 94,542 | $ 15,662 |
| ***LIABILITIES AND FUND BALANCES*** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable and accrued liabilities: | | | | | |
| Accounts payable | $ - | $ - | $ - | $ - | $ - |
| Interfund payables | - | - | - | - | - |
| Benefits payable | 118 | - | - | - | 3 |
| Total Liabilities | 118 | - | - | - | 3 |
| **Fund Balances:** | | | | | |
| Reserved | 17,897,232 | 132,184 | 9,043 | 94,542 | 15,659 |
| Total Fund Balances | 17,897,232 | 132,184 | 9,043 | 94,542 | 15,659 |
| Total Liabilities and Fund Balances | $ 17,897,350 | $ 132,184 | $ 9,043 | $ 94,542 | $ 15,662 |

*Exhibit H-7*

| Local Governmental Employees' Retirement System | Totals June 30, 1993 | June 30, 1992 |
|---|---|---|
| $ 7,444 | $ 29,571 | $ 26,479 |
| 4,185,753 | 22,234,268 | 20,182,132 |
| 170 | 413 | 388 |
| 181 | 522 | 552 |
| 19,525 | 97,080 | 82,687 |
| $ 4,213,073 | $ 22,361,854 | $ 20,292,238 |
| $ - | $ - | $ 8 |
| - | - | 1 |
| 55 | 176 | 148 |
| 55 | 176 | 157 |
| 4,213,018 | 22,361,678 | 20,292,081 |
| 4,213,018 | 22,361,678 | 20,292,081 |
| $ 4,213,073 | $ 22,361,854 | $ 20,292,238 |

# COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992)

*(Expressed in Thousands)*

| | Teachers' and State Employees' Retirement System | Consolidated Judicial Retirement System | Legislative Retirement System | Firemen's and Rescue Squad Workers' Pension Fund | North Carolina National Guard Pension Fund |
|---|---|---|---|---|---|
| **Operating Revenues:** | | | | | |
| Investment earnings | $ 1,525,745 | $ 11,161 | $ 732 | $ 8,244 | $ 1,272 |
| Fees, licenses and fines | - | - | - | - | - |
| Contributions | 871,983 | 8,902 | 819 | 6,548 | 2,124 |
| Miscellaneous | 905 | - | 1 | 18 | - |
| Total operating revenues | 2,398,633 | 20,063 | 1,552 | 14,810 | 3,396 |
| **Operating Expenses:** | | | | | |
| Administration | 2,701 | 19 | 3 | 5 | 14 |
| Benefits | 736,182 | 7,490 | 382 | 7,218 | 1,237 |
| Refund of contributions | 47,600 | 69 | 14 | 310 | - |
| Total operating expenses | 786,483 | 7,578 | 399 | 7,533 | 1,251 |
| Operating income (loss) | 1,612,150 | 12,485 | 1,153 | 7,277 | 2,145 |
| Net income | 1,612,150 | 12,485 | 1,153 | 7,277 | 2,145 |
| Fund balances—July 1 | 16,285,082 | 119,699 | 7,890 | 87,265 | 13,514 |
| Fund balances—June 30 | $ 17,897,232 | $ 132,184 | $ 9,043 | $ 94,542 | $ 15,659 |

*Exhibit H-8*

| Local Governmental Employees' Retirement System | Totals June 30, 1993 | June 30, 1992 |
|---|---|---|
| $ 356,882 | $ 1,804,036 | $ 1,694,363 |
| 4,180 | 4,180 | 4,441 |
| 251,368 | 1,141,744 | 1,009,809 |
| 70 | 994 | 579 |
| 612,500 | 3,050,954 | 2,709,192 |
| | | |
| 980 | 3,722 | 3,906 |
| 147,313 | 699,822 | 798,068 |
| 29,820 | 77,813 | 70,288 |
| 178,113 | 981,357 | 872,262 |
| 434,387 | 2,069,597 | 1,836,930 |
| 434,387 | 2,069,597 | 1,836,930 |
| 3,778,631 | 20,262,081 | 18,455,151 |
| $ 4,213,018 | $ 22,331,678 | $ 20,292,081 |

## General Fixed Assets Account Group

*The general fixed assets account group is maintained to account for fixed assets acquired for general governmental purposes except for those assets accounted for in proprietary funds or university funds.*

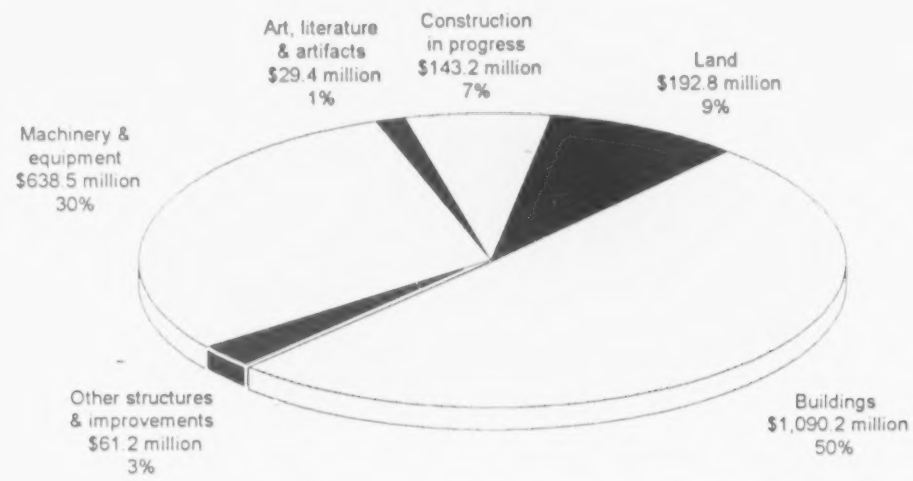
General fixed assets purchased by the State are valued at cost where historic records are available; otherwise, they are valued at estimated historic cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received by the State. General fixed assets totaled $2.155 billion at June 30, 1993.

Infrastructures, which include highways, bridges and rights-of-way, are not capitalized. Depreciation expense is not recognized in the general fixed assets account group.

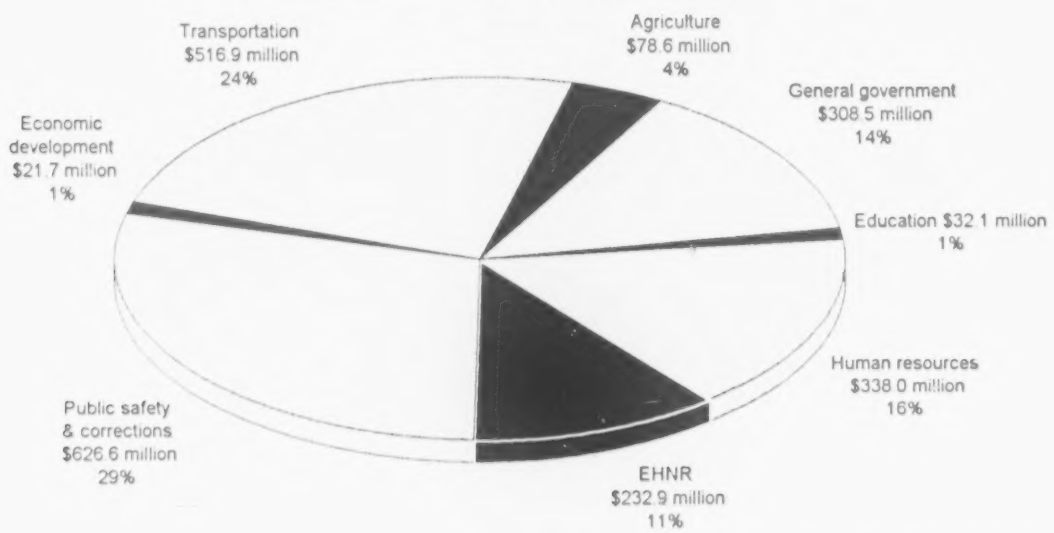
The charts on the facing page provide a breakdown and a comparison of fixed assets by class and by functional uses as of June 30, 1993.

## General Fixed Assets Account Group

### General Fixed Assets — By Class


Art, literature & artifacts $29.4 million 1%
Construction in progress $143.2 million 7%
Land $192.8 million 9%
Machinery & equipment $638.5 million 30%
Other structures & improvements $61.2 million 3%
Buildings $1,090.2 million 50%

### General Fixed Assets — By Function


Transportation $516.9 million 24%
Agriculture $78.6 million 4%
General government $308.5 million 14%
Economic development $21.7 million 1%
Education $32.1 million 1%
Human resources $338.0 million 16%
Public safety & corrections $626.6 million 29%
EHNR $232.9 million 11%

*As of June 30, 1993*

# SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

June 30, 1993 *Exhibit I-1*

*(Expressed in Thousands)*

| *FUNCTION* | Land | Buildings | Other Structures and Improvements | Machinery and Equipment | Art, Literature and Artifacts | Construction in Progress | Totals |
|---|---|---|---|---|---|---|---|
| General government | $ 26,516 | $ 223,713 | $ 6,200 | $ 21,105 | $ 26,187 | $ 4,730 | $ [illegible] |
| Education | 1,348 | 22,129 | - | 7,689 | 782 | 151 | [illegible] |
| Human resources | 3,213 | 233,624 | 35,402 | 46,104 | 611 | 19,081 | [illegible] |
| Economic development | 702 | 14,971 | 42 | 6,018 | - | - | [illegible] |
| Environment, health and natural resources | 88,881 | 42,819 | 1,857 | 59,649 | 845 | 38,804 | [illegible] |
| Public safety and corrections | 21,626 | 419,971 | 17,293 | 101,448 | 885 | 65,343 | [illegible] |
| Transportation | 30,275 | 94,513 | 1 | 379,256 | - | 12,875 | [illegible] |
| Agriculture | 20,204 | 38,431 | 428 | 17,271 | 112 | 2,193 | [illegible] |
| Total General Fixed Assets | $ 192,765 | $ 1,090,171 | $ 61,223 | $ 638,540 | $ 29,422 | $ 143,177 | $ [illegible] |

# SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

For the Fiscal Year Ended June 30, 1993 *Exhibit I-2*

*(Expressed in Thousands)*

| *FUNCTION* | Balance July 1, 1992 | Prior Year Adjustments | Transfers (To) From Other Funds | Additions | Deletions | Balance June 30, 1993 |
|---|---|---|---|---|---|---|
| General government | $ 302,086 | $ 110,956 | $ (177,062) | $ 74,187 | $ 1,716 | $ 308,451 |
| Education | 31,328 | 180 | (1) | 715 | 123 | 32,099 |
| Human resources | 339,878 | (364) | (1,649) | 9,450 | 9,280 | 338,035 |
| Economic development | 22,116 | 82 | - | 158 | 623 | 21,733 |
| Environment, health and natural resources | 214,057 | 544 | 1 | 20,036 | 1,783 | 232,855 |
| Public safety and corrections | 565,545 | (111,295) | 162,712 | 20,999 | 11,395 | 626,566 |
| Transportation | 490,300 | (1) | 3 | 41,438 | 14,820 | 516,920 |
| Agriculture | 75,627 | 7 | (534) | 3,896 | 357 | 78,639 |
| Total General Fixed Assets | $ 2,040,937 | $ 109 | $ (16,530) | $ 170,879 | $ 40,097 | $ 2,155,298 |

## General Long-Term Obligations Account Group

*The general long-term obligations account group is maintained to account for the outstanding principal balances of the State's long-term obligations not otherwise reported in proprietary or university funds.*

The following activities are included in the general long-term obligations account group:

**General obligation bonds** for capital projects and certain revenue-producing capital projects;

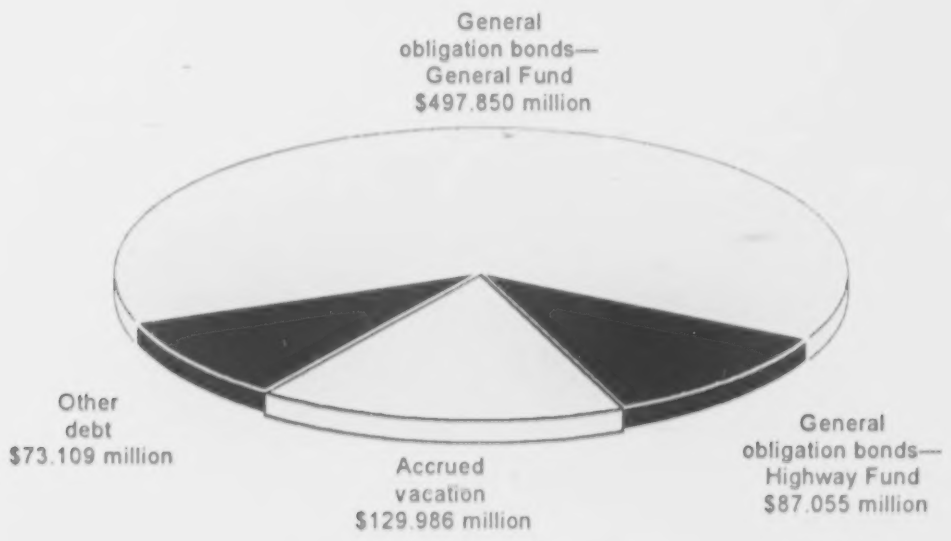
**Long-term payables** relating primarily to workers' compensation claims;

The long-term portion of **capital lease obligations**; and,

The long-term portion of the liability for **accrued vacation.**

The charts provide a breakdown of the type of long-term obligations by class as of June 30, 1993. General long-term obligations totaled $788.0 million at June 30, 1993.

### *General Long-Term Obligations*


General obligation bonds— General Fund $497.850 million
Other debt $73.109 million
Accrued vacation $129.986 million
General obligation bonds— Highway Fund $87.055 million

# COMPARATIVE STATEMENTS OF GENERAL LONG-TERM OBLIGATIONS

June 30, 1993 and 1992 *Exhibit J-1*

*(Expressed in Thousands)*

| *AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF LONG-TERM OBLIGATIONS* | June 30, 1993 | June 30, 1992 |
|---|---|---|
| **Amounts Available In Other Funds:** | | |
| In General Fund | $ 156 | $ 220 |
| In Debt Service Funds | - | 451 |
| In Expendable Trust Funds | - | 8,692 |
| **Amount to be Provided for Retirement of General Long-Term Obligations:** | | |
| By General Fund | 666,576 | 657,153 |
| By Special Revenue Funds | 121,258 | 150,197 |
| By Expendable Trust Funds | 10 | 2,075 |
| By Debt Service Funds | - | 299 |
| Total Available and to be Provided | $ 788,000 | $ 819,087 |
| *GENERAL LONG-TERM OBLIGATIONS* | | |
| **Bonds Payable:** | | |
| General obligation bonds payable | $ 584,905 | $ 670,380 |
| Revenue bonds payable | - | 750 |
| Total Bonds Payable | 584,905 | 671,130 |
| **Other Payables:** | | |
| Long-term payables | 71,643 | 23,964 |
| Capital leases payable | 1,456 | 2,475 |
| Accrued vacation leave | 129,996 | 121,518 |
| Total General Long-Term Obligations | $ 788,000 | $ 819,087 |

# SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE

June 30, 1993

*(Expressed in Thousands)*

| | Total General Obligation Bonds | Payable from General Fund Revenues | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Total General Fund | Public School Facility Series A 12-1-74 | Clean Water Series A 12-1-74 | Public School Facility Series C 6-1-76 | Clean Water Series C 6-1-76 | Public Improvement Bonds 1976 12-1-76 | Public Improvement Bonds 1977 6-1-77 |
| **Bonds Authorized and Issued:** | | | | | | | | |
| Ch. 909, 1971 session law | $ 126,500 | $ 126,500 | $ - | $ 29,500 | $ - | $ 25,000 | $ 10,000 | $ 30,000 |
| Ch. 657, 1973 session law | 195,000 | 195,000 | 45,000 | - | 50,000 | - | 40,000 | 25,000 |
| Ch. 854, 1975 session law | 43,250 | 43,250 | - | - | - | - | 25,000 | - |
| Ch. 677, 1977 session law | 78,000 | 78,000 | - | - | - | - | - | - |
| Ch. 1048, 1987 session law | 20,499 | 20,499 | - | - | - | - | - | - |
| General Statute Ch. 142 | 210,000 | 210,000 | - | - | - | - | - | - |
| Ch. 933, 1989 session law | 75,000 | 75,000 | - | - | - | - | - | - |
| Ch. 760, 1991 session law | 45,000 | 45,000 | - | - | - | - | - | - |
| Ch. 935, 1989 session law | 112,500 | 112,500 | - | - | - | - | - | - |
| Total bonds authorized and issued | 1,185,749 | 905,749 | 45,000 | 29,500 | 50,000 | 25,000 | 75,000 | 55,000 |
| Accretion | 4,171 | 4,171 | - | - | - | - | - | - |
| Bonds retired | 575,015 | 412,070 | 37,000 | 25,000 | 38,000 | 19,000 | 57,000 | 45,000 |
| Bonds outstanding— June 30, 1993 | $ 584,905 | $ 497,850 | $ 8,000 | $ 4,500 | $ 12,000 | $ 6,000 | $ 18,000 | $ 10,000 |
| **Bond Maturity As Follows:** | | | | | | | | |
| 1993-94 | $ 68,429 | $ 55,444 | $ 2,000 | $ 1,500 | $ 2,000 | $ 1,000 | $ 5,000 | $ 4,000 |
| 1994-95 | 60,541 | 55,451 | 2,000 | 1,500 | 2,000 | 1,000 | 5,000 | 4,000 |
| 1995-96 | 70,536 | 55,415 | 2,000 | 1,500 | 2,000 | 1,000 | 5,000 | 2,000 |
| 1996-97 | 60,217 | 55,357 | 2,000 | - | 2,000 | 1,000 | 3,000 | - |
| 1997-98 | 58,229 | 55,229 | - | - | 2,000 | 1,000 | - | - |
| 1998-99 | 55,891 | 53,891 | - | - | 2,000 | 1,000 | - | - |
| 1999-2000 | 50,585 | 50,585 | - | - | - | - | - | - |
| 2000-01 | 26,923 | 26,923 | - | - | - | - | - | - |
| 2001-02 | 24,346 | 24,346 | - | - | - | - | - | - |
| 2002-03 | 9,779 | 9,779 | - | - | - | - | - | - |
| 2003-04 | 9,710 | 9,710 | - | - | - | - | - | - |
| 2004-05 | 9,651 | 9,651 | - | - | - | - | - | - |
| 2005-06 | 9,591 | 9,591 | - | - | - | - | - | - |
| 2006-07 | 9,539 | 9,539 | - | - | - | - | - | - |
| 2007-08 | 9,492 | 9,492 | - | - | - | - | - | - |
| 2008-09 | 7,447 | 7,447 | - | - | - | - | - | - |
| Total Bonds Outstanding | $ 584,905 | $ 497,850 | $ 8,000 | $ 4,500 | $ 12,000 | $ 6,000 | $ 18,000 | $ 10,000 |

*Exhibit J-2*

| *Payable from General Fund Revenues* | | | | | | | | *Payable from Highway Fund Revenues* | |
|---|---|---|---|---|---|---|---|---|---|
| Public Improvement Bonds | | | Clean Water | Capital Improvement Bonds | | | Prison and Youth Services Facilities | | |
| 1978 | 1979 | Refunding Series 1986 | Series 1987 | Series 1989 | Series A | Series 1991 | Series A | *Total Highway Fund* | Highway Refunding Series 1986 |
| 11-1-78 | 11-1-79 | 7-1-86 | 6-1-87 | 5-1-89 | 3-1-91 | 10-1-91 | 3-1-92 | | 7-1-86 |
| | | | | [*] | | | | | |
| $ 4,000 | $ 28,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 16,250 | 18,750 | - | - | - | - | - | - | - | - |
| 18,250 | - | - | - | - | - | - | - | - | - |
| 11,500 | 20,500 | - | 46,000 | - | - | - | - | - | - |
| - | - | - | - | 20,499 | - | - | - | - | - |
| - | - | 210,000 | - | - | - | - | - | 250,000 | 250,000 |
| - | - | - | - | - | 75,000 | - | - | - | - |
| - | - | - | - | - | - | 45,000 | - | - | - |
| - | - | - | - | - | - | - | 112,500 | - | - |
| 50,000 | 67,250 | 210,000 | 46,000 | 20,499 | 75,000 | 45,000 | 112,500 | 250,000 | 250,000 |
| - | - | - | - | 4,171 | - | - | - | - | - |
| 31,000 | 41,250 | 82,490 | 15,500 | 6,530 | 9,500 | 2,600 | 2,200 | 162,945 | 162,945 |
| $ 19,000 | $ 26,000 | $ 127,510 | $ 30,500 | $ 18,140 | $ 65,500 | $ 42,400 | $ 110,300 | $ 87,055 | $ 87,055 |
| $ 4,000 | $ 4,000 | $ 16,055 | $ 4,000 | $ 1,789 | $ 5,300 | $ 2,600 | $ 2,200 | $ 32,985 | $ 32,985 |
| 4,000 | 4,000 | 15,875 | 4,000 | 1,676 | 5,600 | 2,600 | 2,200 | 25,090 | 25,090 |
| 4,000 | 4,000 | 17,745 | 4,000 | 1,570 | 5,800 | 2,600 | 2,200 | 24,120 | 24,120 |
| 4,000 | 4,000 | 20,790 | 4,000 | 1,467 | 7,400 | 3,500 | 2,200 | 4,860 | 4,860 |
| 3,000 | 5,000 | 17,655 | 4,000 | 1,374 | 8,300 | 6,200 | 6,700 | - | - |
| - | 5,000 | 17,305 | 4,000 | 1,286 | 8,300 | 6,200 | 8,800 | - | - |
| - | - | 22,085 | 4,000 | 1,200 | 8,300 | 6,200 | 8,800 | - | - |
| - | - | - | 2,500 | 1,123 | 8,300 | 6,200 | 8,800 | - | - |
| - | - | - | - | 1,046 | 8,200 | 6,300 | 8,800 | - | - |
| - | - | - | - | 979 | - | - | 8,800 | - | - |
| - | - | - | - | 910 | - | - | 8,800 | - | - |
| - | - | - | - | 851 | - | - | 8,800 | - | - |
| - | - | - | - | 791 | - | - | 8,800 | - | - |
| | - | - | - | 739 | - | - | 8,800 | - | - |
| - | - | - | - | 692 | - | - | 8,800 | - | - |
| - | - | - | - | 647 | - | - | 6,800 | - | - |
| $ 19,000 | $ 26,000 | $ 127,510 | $ 30,500 | $ 18,140 | $ 65,500 | $ 42,400 | $ 110,300 | $ 87,055 | $ 87,055 |

[*] Capital Appreciation Bonds

## UNIVERSITY FUNDS

*The university funds account for the operations of sixteen campuses of the Consolidated University System and UNC-General Administration. The university funds are presented in conformity with the American Institute of Certified Public Accountants (AICPA) recommended reporting formats.*

The University of North Carolina system is governed by a single Board of Governors. Each of the sixteen campuses, in turn, has its own separate board of trustees that is responsible for that campus' operations only.

The constitutionally authorized Board of Governors is composed of thirty-two members elected by the General Assembly. The Board of Governors has authority to choose its own chairman and other officers. University-wide administration and execution of board policy are the responsibility of the President of the University. The President, the officers of the University and their supporting staff constitute the General Administration of the University.

The following campuses comprise the Consolidated University System:

University of North Carolina - Chapel Hill

North Carolina State University

University of North Carolina - Greensboro

University of North Carolina - Charlotte

University of North Carolina - Asheville

University of North Carolina - Wilmington

East Carolina University

North Carolina Agricultural and Technical State University

Western Carolina University

Appalachian State University

Pembroke State University

Winston-Salem State University

Elizabeth City State University

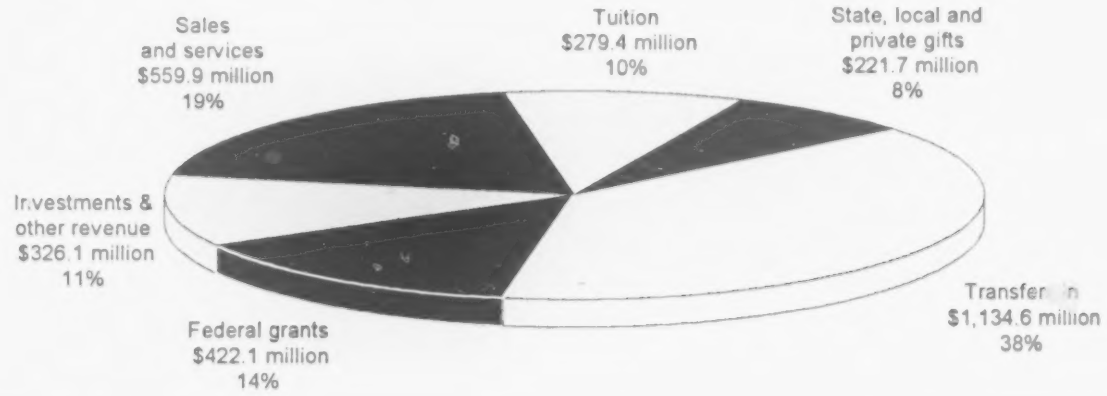
Fayetteville State University

North Carolina Central University

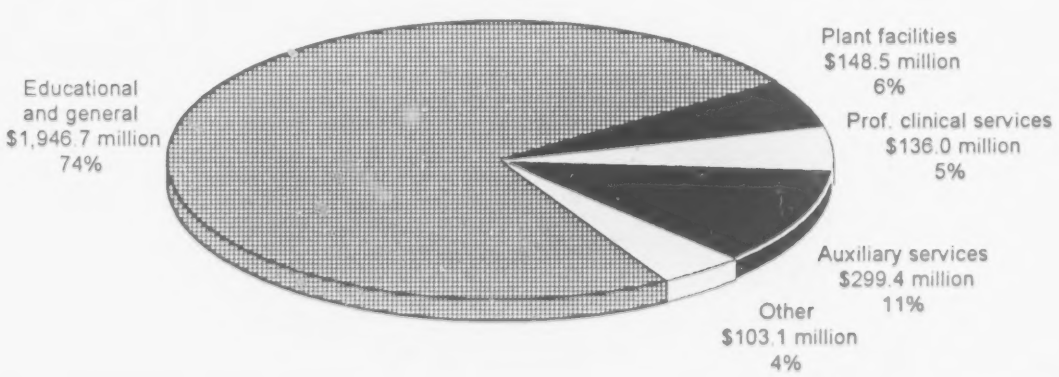
North Carolina School of the Arts

## University Funds
## Graphs of Revenues, Expenditures and Transfers

### *Total Revenues and Transfers*




### *Total Expenditures and Transfers*




*For the year ended June 30, 1993*

# COMBINING BALANCE SHEET
# ALL UNIVERSITY FUNDS

June 30, 1993 (With Comparative Totals for 1992) *Exhibit K-1*

*(Expressed in Thousands)*

| | Current Funds | Fiduciary Funds | Plant Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|
| ***ASSETS*** | | | | | |
| Cash and cash equivalents | $ 455,491 | $ 251,786 | $ 167,745 | $ 875,022 | $ 699,667 |
| Investments | 119,138 | 380,295 | 69,638 | 569,071 | 600,407 |
| Receivables | 132,809 | 2,324 | 1,782 | 136,915 | 111,985 |
| Interfund receivables | 101,306 | 9,170 | 7,549 | 118,025 | 104,575 |
| Notes receivable | 128 | 140,970 | - | 141,098 | 135,216 |
| Inventories | 27,860 | - | - | 27,860 | 27,980 |
| Prepaid items | 1,442 | - | 1,588 | 3,030 | 2,413 |
| Fixed assets | - | - | 3,328,918 | 3,328,918 | 3,142,461 |
| Total Assets | $ 838,174 | $ 784,545 | $3,577,220 | $ 5,199,939 | $ 4,824,704 |
| ***LIABILITIES AND FUND EQUITY*** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable and accrued liabilities | $ 164,570 | $ 2,755 | $ 9,647 | $ 176,972 | $ 161,057 |
| Interfund payables | 26,985 | 741 | 2,192 | 29,918 | 25,471 |
| Obligations under reverse repurchase agreement | 32,803 | 69,673 | - | 102,476 | 114,062 |
| Notes payable | - | - | 20,737 | 20,737 | 45,562 |
| Claims and benefits payable | 8,416 | - | - | 8,416 | 5,287 |
| Capital leases payable | - | - | 853 | 853 | 1,449 |
| Bonds payable | - | - | 443,866 | 443,866 | 391,748 |
| Interest payable | 62 | - | 7,553 | 7,615 | 9,781 |
| Deposits payable | 7,227 | 90,034 | 8,142 | 105,403 | 84,521 |
| Accrued vacation leave | 66,088 | 10 | - | 66,098 | 63,601 |
| Deferred revenue | 40,252 | 20 | 37 | 40,309 | 35,644 |
| Total Liabilities | 346,403 | 163,233 | 493,027 | 1,002,863 | 938,183 |
| **Fund Equity:** | | | | | |
| Investment in fixed assets | - | - | 2,954,342 | 2,954,342 | 2,806,130 |
| Fund balances: | | | | | |
| Restricted | 144,847 | 576,716 | 112,804 | 834,367 | 732,578 |
| Unrestricted: | | | | | |
| Quasi-endowment | - | 43,230 | - | 43,230 | 38,700 |
| Undesignated | 346,924 | 1,366 | 17,047 | 365,337 | 309,113 |
| Total Fund Equity | 491,771 | 621,312 | 3,084,193 | 4,197,276 | 3,886,521 |
| Total Liabilities and Fund Equity | $ 838,174 | $ 784,545 | $3,577,220 | $ 5,199,939 | $ 4,824,704 |

# COMBINING BALANCE SHEET
# ALL UNIVERSITY CURRENT FUNDS

June 30, 1993 (With Comparative Totals for 1992) *Exhibit K-2*

*(Expressed in Thousands)*

| | Unrestricted Funds | | Restricted Funds | Totals | |
|---|---|---|---|---|---|
| | General | Proprietary | | June 30, 1993 | June 30, 1992 |
| ***ASSETS*** | | | | | |
| Cash and cash equivalents | $ 121,134 | $ 204,930 | $ 129,427 | $ 455,491 | $ 376,441 |
| Investments | 10,793 | 77,342 | 31,003 | 119,138 | 132,803 |
| Receivables: | | | | | |
| Accounts receivable | 12,599 | 58,810 | 15,990 | 87,399 | 76,782 |
| Intergovernmental receivables | 1,308 | 37 | 38,298 | 39,643 | 25,204 |
| Investment earnings | 4,124 | 1,026 | 617 | 5,767 | 4,750 |
| Interfund receivables | 89,057 | 3,776 | 8,473 | 101,306 | 87,924 |
| Notes receivable | - | 1 | 127 | 128 | 61 |
| Inventories | 5,367 | 22,330 | 163 | 27,860 | 27,980 |
| Prepaid items | 595 | 225 | 622 | 1,442 | 1,489 |
| Total Assets | $ 244,977 | $ 368,477 | $ 224,720 | $ 838,174 | $ 733,434 |
| ***LIABILITIES AND FUND EQUITY*** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable and accrued liabilities: | | | | | |
| Accounts payable | $ 8,581 | $ 11,510 | $ 9,730 | $ 29,821 | $ 24,444 |
| Accrued payroll | 98,358 | 14,983 | 20,789 | 134,130 | 125,656 |
| Intergovernmental payables | 21 | 2 | 596 | 619 | 430 |
| Interfund payables | 3,732 | 7,983 | 15,270 | 26,985 | 22,486 |
| Obligations under reverse repurchase agreement | 988 | 23,861 | 7,954 | 32,803 | 29,181 |
| Notes payable | - | - | - | - | - |
| Claims and benefits payable | - | 8,416 | - | 8,416 | 5,287 |
| Interest payable | 28 | 34 | - | 62 | 95 |
| Deposits payable | 4,623 | 2,115 | 489 | 7,227 | 6,598 |
| Accrued vacation leave | 47,055 | 11,399 | 7,634 | 66,088 | 63,593 |
| Deferred revenue | 11,739 | 11,102 | 17,411 | 40,252 | 35,586 |
| Total Liabilities | 175,125 | 91,405 | 79,873 | 346,403 | 313,356 |
| **Fund Equity:** | | | | | |
| Fund balances: | | | | | |
| Restricted | - | - | 144,847 | 144,847 | 122,719 |
| Unrestricted: | | | | | |
| Undesignated | 69,852 | 277,072 | - | 346,924 | 297,359 |
| Total Fund Equity | 69,852 | 277,072 | 144,847 | 491,771 | 420,078 |
| Total Liabilities and Fund Equity | $ 244,977 | $ 368,477 | $ 224,720 | $ 838,174 | $ 733,434 |

# COMBINING STATEMENT OF CHANGES IN FUND EQUITY
# ALL UNIVERSITY CURRENT FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit K-3*

*(Expressed in Thousands)*

| | Unrestricted Funds | | Restricted | Totals | |
|---|---|---|---|---|---|
| | General | Proprietary | Funds | June 30, 1993 | June 30, 1992 |
| **Revenues and Other Additions:** | | | | | |
| Tuition and fees | $ 276,891 | $ - | $ - | $ 276,891 | $ 244,632 |
| Federal appropriations | 19,975 | - | - | 19,975 | 20,222 |
| Federal contracts and grants | 55,806 | - | 343,369 | 399,175 | 340,291 |
| State contracts and grants | 1,896 | - | 40,993 | 42,889 | 35,612 |
| Local contracts and grants | 30 | - | 1,801 | 1,831 | 1,491 |
| Private gifts, contracts and grants | 13,856 | 3,959 | 136,131 | 153,946 | 143,157 |
| Endowment income | 2,441 | -2 | 10,604 | 13,047 | 15,981 |
| Sales and services | 37,441 | 521,530 | 960 | 559,931 | 508,306 |
| Investment earnings | 14,763 | 12,613 | 8,331 | 35,707 | 36,209 |
| Realized gain on sale of investments | 1,647 | - | 2 | 1,649 | 2,321 |
| Other revenues and additions | 8,680 | 7,133 | 16,379 | 32,192 | 31,670 |
| Total revenues and other additions | 433,426 | 545,237 | 558,570 | 1,537,233 | 1,379,892 |
| **Expenditures and Other Deductions:** | | | | | |
| Educational and general: | | | | | |
| Instruction | 723,880 | - | 80,644 | 804,524 | 762,020 |
| Organized research | 74,626 | - | 213,672 | 288,298 | 262,168 |
| Public service | 109,676 | - | 55,110 | 164,786 | 152,664 |
| Academic support | 138,708 | - | 14,368 | 153,076 | 138,312 |
| Student services | 47,886 | - | 2,564 | 50,450 | 46,451 |
| Institutional support | 149,766 | - | 9,826 | 159,592 | 146,542 |
| Physical plant operations | 161,498 | - | 634 | 162,132 | 152,060 |
| Student financial aid | 72,949 | - | 90,939 | 163,888 | 155,006 |
| Total educational and general | 1,478,989 | - | 467,757 | 1,946,746 | 1,815,223 |
| Auxiliary enterprises | - | 299,353 | - | 299,353 | 277,442 |
| Internal service | - | 21,428 | - | 21,428 | 17,406 |
| Independent operations | - | 12,220 | - | 12,220 | 11,571 |
| Professional clinical services | - | 136,014 | - | 136,014 | 117,733 |
| Indirect cost recovered | - | - | 62,967 | 62,967 | 54,291 |
| Refunded to grantors | - | - | 575 | 575 | 372 |
| Realized loss on sale of investments | 1,197 | - | 1 | 1,198 | 345 |
| Other expenditures and deductions | - | - | - | - | - |
| Total expenditures and other deductions | 1,480,186 | 469,015 | 531,300 | 2,480,501 | 2,294,383 |
| **Transfers—Additions (Deductions):** | | | | | |
| Intrainstitutional transfers: | | | | | |
| Mandatory transfers | (14,335) | (37,747) | 2,334 | (49,748) | (38,014) |
| Non-mandatory transfers | (6,870) | (16,516) | (2,818) | (26,204) | (38,076) |
| Interinstitutional transfers | 769 | - | (5,536) | (4,767) | (3,532) |
| Operating transfers in | 1,094,284 | - | - | 1,094,284 | 1,043,398 |
| Net transfers | 1,073,848 | (54,263) | (6,020) | 1,013,565 | 963,776 |
| Net increase in fund equity | 27,088 | 21,959 | 21,250 | 70,297 | 49,285 |
| Fund equity—July 1 | 42,190 | 255,169 | 122,719 | 420,078 | 369,442 |
| Restatements | 574 | (56) | 878 | 1,396 | 1,351 |
| Fund equity—June 30 | $ 69,852 | $ 277,072 | $ 144,847 | $ 491,771 | $ 420,078 |

# COMBINING BALANCE SHEET
# ALL UNIVERSITY FIDUCIARY FUNDS

June 30, 1993 (With Comparative Totals for 1992) *Exhibit K-4*

*(Expressed in Thousands)*

| | Loan Funds | Endowment and Similar Funds | Agency Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|
| ***ASSETS*** | | | | | |
| Cash and cash equivalents | $ 130,378 | $ 44,775 | $ 76,633 | $ 251,786 | $ 209,186 |
| Investments | 960 | 315,923 | 63,412 | 380,295 | 361,817 |
| Receivables: | | | | | |
| Accounts receivable | 3 | 353 | 242 | 598 | 157 |
| Intergovernmental receivables | 718 | - | 1 | 719 | 635 |
| Investment earnings | 979 | 16 | 12 | 1,007 | 1,584 |
| Other receivables | - | - | - | - | - |
| Interfund receivables | 7,790 | 1,366 | 14 | 9,170 | 7,318 |
| Notes receivable | 140,970 | - | - | 140,970 | 135,155 |
| Total Assets | $ 281,798 | $ 362,433 | $ 140,314 | $ 784,545 | $ 715,852 |
| ***LIABILITIES AND FUND EQUITY*** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable and accrued liabilities: | | | | | |
| Accounts payable | $ 485 | $ 78 | $ 990 | $ 1,553 | $ 524 |
| Accrued payroll | 1 | - | 1,197 | 1,198 | 1,106 |
| Intergovernmental payables | 3 | - | 1 | 4 | 8 |
| Interfund payables | 119 | 587 | 35 | 741 | 523 |
| Obligations under reverse repurchase agreement | - | 21,626 | 48,047 | 69,673 | 84,881 |
| Deposits payable | - | - | 90,034 | 90,034 | 71,624 |
| Accrued vacation leave | 1 | - | 9 | 10 | 8 |
| Deferred revenue | - | 19 | 1 | 20 | 15 |
| Total Liabilities | 609 | 22,310 | 140,314 | 163,233 | 158,689 |
| **Fund Equity:** | | | | | |
| Fund balances: | | | | | |
| Restricted | 279,823 | 296,893 | - | 576,716 | 517,907 |
| Unrestricted: | | | | | |
| Quasi-endowment | - | 43,230 | - | 43,230 | 38,700 |
| Undesignated | 1,366 | - | - | 1,366 | 556 |
| Total Fund Equity | 281,189 | 340,123 | - | 621,312 | 557,163 |
| Total Liabilities and Fund Equity | $ 281,798 | $ 362,433 | $ 140,314 | $ 784,545 | $ 715,852 |

# COMBINING STATEMENT OF CHANGES IN FUND EQUITY
# ALL UNIVERSITY FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit K-5*

*(Expressed in Thousands)*

| | Loan Funds | Endowment and Similar Funds | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|
| **Revenues and Other Additions:** | | | | |
| Federal contracts and grants | $ 1,645 | $ 273 | $ 1,918 | $ 1,608 |
| Private gifts, contracts and grants | 64 | 13,218 | 13,282 | 13,146 |
| Endowment income | 124 | - | 124 | 123 |
| Investment earnings | 15,378 | 1,689 | 17,067 | 16,748 |
| Realized gain on sale of investments | 68 | 20,285 | 20,353 | 18,605 |
| Other revenues and additions | 434 | 904 | 1,338 | 8,940 |
| Total revenues and other additions | 17,713 | 36,369 | 54,082 | 59,170 |
| **Expenditures and Other Deductions:** | | | | |
| Administrative and collection costs, loan cancellation, and bad debts | 6,765 | - | 6,765 | 4,776 |
| Realized loss on sale of investments | - | 1,677 | 1,677 | 2,693 |
| Total expenditures and other deductions | 6,765 | 1,677 | 8,442 | 7,469 |
| **Transfers—Additions (Deductions):** | | | | |
| Intrainstitutional transfers: | | | | |
| Mandatory transfers | 170 | - | 170 | 154 |
| Non-mandatory transfers | 13,431 | 2,366 | 15,797 | 11,622 |
| Interinstitutional transfers | - | 501 | 501 | 1,503 |
| Net transfers | 13,601 | 2,867 | 16,468 | 13,279 |
| Net increase in fund equity | 24,549 | 37,559 | 62,108 | 64,980 |
| Fund equity—July 1 | 256,811 | 300,352 | 557,163 | 492,717 |
| Restatements | (171) | 2,212 | 2,041 | (534) |
| Fund equity—June 30 | $ 281,189 | $ 340,123 | $ 621,312 | $ 557,163 |

# COMBINING BALANCE SHEET
# ALL UNIVERSITY PLANT FUNDS

June 30, 1993 (With Comparative Totals for 1992) *Exhibit K-6*

*(Expressed in Thousands)*

| | Unexpended | Debt Service | Investment In Plant | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|
| ***ASSETS*** | | | | | |
| Cash and cash equivalents | $ 143,158 | $ 24,587 | $ - | $ 167,745 | $ 114,040 |
| Investments | 32,179 | 37,459 | - | 69,638 | 105,787 |
| Receivables: | | | | | |
| Accounts receivable | 15 | 365 | - | 380 | 25 |
| Intergovernmental receivables | 16 | 93 | - | 109 | 138 |
| Investment earnings | 443 | 850 | - | 1,293 | 2,710 |
| Interfund receivables | 1,816 | 5,733 | - | 7,549 | 9,333 |
| Prepaid items | 57 | 1,531 | - | 1,588 | 924 |
| Fixed assets: | | | | | |
| Land | - | - | 71,741 | 71,741 | 67,627 |
| Buildings | - | - | 1,837,465 | 1,837,465 | 1,630,699 |
| Other structures and improvements | - | - | 93,371 | 93,371 | 87,885 |
| Machinery and equipment | - | - | 752,070 | 752,070 | 699,799 |
| Art, literature and artifacts | - | - | 429,094 | 429,094 | 405,197 |
| Construction in progress | - | - | 145,177 | 145,177 | 251,254 |
| Total Assets | $ 177,684 | $ 70,618 | $ 3,328,918 | $ 3,577,220 | $ 3,375,418 |
| ***LIABILITIES AND FUND EQUITY*** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable and accrued liabilities: | | | | | |
| Accounts payable | $ 9,296 | $ 90 | $ - | $ 9,386 | $ 7,886 |
| Intergovernmental payables | - | - | - | - | 740 |
| Arbitrage rebate payables | 261 | - | - | 261 | 263 |
| Interfund payables | 2,026 | 166 | - | 2,192 | 2,462 |
| Notes payable | 4,412 | - | 16,325 | 20,737 | 45,562 |
| Capital leases payable | - | - | 853 | 853 | 1,449 |
| Bonds payable | 81,584 | 4,884 | 357,398 | 443,866 | 391,748 |
| Interest payable | - | 7,553 | - | 7,553 | 9,686 |
| Deposits payable—contract retainage | 7,979 | 163 | - | 8,142 | 6,299 |
| Deferred revenue | - | 37 | - | 37 | 43 |
| Total Liabilities | 105,558 | 12,893 | 374,576 | 493,027 | 466,138 |
| **Fund Equity:** | | | | | |
| Investment in fixed assets | - | - | 2,954,342 | 2,954,342 | 2,806,130 |
| Fund balances: | | | | | |
| Restricted | 65,193 | 47,611 | - | 112,804 | 91,952 |
| Unrestricted | 6,933 | 10,114 | - | 17,047 | 11,198 |
| Total Fund Equity | 72,126 | 57,725 | 2,954,342 | 3,084,193 | 2,909,280 |
| Total Liabilities and Fund Equity | $ 177,684 | $ 70,618 | $ 3,328,918 | $ 3,577,220 | $ 3,375,418 |

# COMBINING STATEMENT OF CHANGES IN FUND EQUITY
# ALL UNIVERSITY PLANT FUNDS

For the Fiscal Year Ended June 30, 1993 (With Comparative Totals for 1992) *Exhibit K-7*

*(Expressed in Thousands)*

| | Unexpended | Debt Service | Investment in Plant | Totals June 30, 1993 | Totals June 30, 1992 |
|---|---|---|---|---|---|
| **Revenues and Other Additions:** | | | | | |
| Tuition and fees | $ - | $ 2,469 | $ - | **$ 2,469** | $ 2,449 |
| Federal contracts and grants | 753 | 276 | - | **1,029** | 529 |
| Private gifts, contracts and grants | 8,362 | - | 1,357 | **9,719** | 5,093 |
| Investment earnings | 6,510 | 2,997 | - | **9,507** | 9,633 |
| Realized gain on sale of investments | 64 | - | - | **64** | 112 |
| Expended for plant facilities | - | - | 169,458 | **169,458** | 148,643 |
| Retirement of indebtedness | - | - | 24,379 | **24,379** | 27,252 |
| Other revenues and additions | 1,056 | 205 | - | **1,261** | 738 |
| Total revenues and other additions | 16,745 | 5,947 | 195,194 | **217,886** | 194,449 |
| **Expenditures and Other Deductions:** | | | | | |
| Realized loss on sale of investments | 110 | 145 | - | **255** | 299 |
| Expended for plant facilities | 55,757 | - | - | **55,757** | 41,272 |
| Retirement of indebtedness | - | 23,972 | - | **23,972** | 27,016 |
| Interest on indebtedness | 80 | 26,130 | - | **26,210** | 26,953 |
| Disposal of plant facilities | - | - | 41,798 | **41,798** | 37,528 |
| Other expenditures and deductions | 54 | 502 | - | **556** | 537 |
| Total expenditures and other deductions | 56,001 | 50,749 | 41,798 | **148,548** | 133,605 |
| **Transfers—Additions (Deductions):** | | | | | |
| Intrainstitutional transfers | | | | | |
| Mandatory transfers | 103 | 43,836 | - | **43,939** | 33,019 |
| Non-mandatory transfers | 24,867 | (839) | - | **24,028** | 31,218 |
| Interinstitutional transfers | (29) | - | - | **(29)** | 111 |
| Operating transfers in | 40,288 | - | - | **40,288** | 14,599 |
| Net transfers | 65,229 | 42,997 | - | **108,226** | 78,947 |
| Net increase (decrease) in fund equity | 25,973 | (1,805) | 153,396 | **177,564** | 139,791 |
| Fund equity—July 1 | 43,891 | 59,259 | 2,806,130 | **2,909,280** | 2,768,246 |
| Restatements | 2,268 | 271 | (5,184) | **(2,645)** | 1,250 |
| Residual equity transfer | (6) | - | - | **(6)** | (7) |
| Fund equity—June 30 | $ 72,126 | $ 57,725 | $ 2,954,342 | **$ 3,084,193** | $ 2,909,280 |

# STATISTICAL SECTION

## REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
## ALL GOVERNMENTAL FUND TYPES
## GAAP BASIS
## LAST TEN FISCAL YEARS

*(Expressed in Thousands)*

| | 1993 | 1992 | 1991 | 1990 | 1989 |
|---|---|---|---|---|---|
| **Revenues — By Source** | | | | | |
| Taxes | $ 8,347,575 | $ 8,703,484 | $ 7,730,054 | $ 7,543,587 | $ 6,691,258 |
| Federal funds | 3,757,981 | 3,382,683 | 2,940,213 | 2,463,686 | 2,141,659 |
| Local funds | 269,546 | 234,428 | 203,171 | 167,093 | 138,713 |
| Investment earnings | 145,771 | 120,891 | 144,823 | 179,575 | 198,774 |
| Sales and services | 32,195 | 33,263 | 54,197 | 63,785 | 52,758 |
| Sale, rental and lease of property | 7,467 | 6,787 | 6,817 | 5,473 | 5,057 |
| Fees, licenses and fines | 662,007 | 621,241 | 529,746 | 518,000 | 425,963 |
| Contributions, gifts and grants | 155,488 | 266,435 | 143,434 | 10,421 | 8,458 |
| Miscellaneous | 118,755 | 69,389 | 52,808 | 44,033 | 44,132 |
| Total revenues | $ 14,496,784 | $ 13,438,601 | $ 11,805,263 | $ 10,995,653 | $ 9,706,772 |
| **Expenditures — By Function** | | | | | |
| Current: | | | | | |
| General government | $ 825,507 | $ 786,729 | $ 755,810 | $ 472,543 | $ 372,266 |
| Education | 4,429,381 | 4,188,854 | 4,135,288 | 3,920,038 | 3,547,507 |
| Human resources | 4,090,775 | 3,824,635 | 3,311,811 | 2,631,963 | 2,311,578 |
| Economic development | 261,142 | 242,870 | 244,198 | 242,541 | 73,554 |
| Environment, health and natural resources | 458,041 | 391,342 | 355,282 | 333,151 | 502,093 |
| Public safety and corrections | 973,706 | 903,543 | 868,227 | 834,110 | 715,462 |
| Transportation | 1,569,932 | 1,449,123 | 1,401,607 | 1,290,250 | 1,128,706 |
| Agriculture | 59,997 | 57,316 | 56,472 | 55,272 | 52,503 |
| Capital outlay | 77,529 | 119,343 | 131,565 | 108,867 | 77,080 |
| Debt service | 124,314 | 114,928 | 106,692 | 110,396 | 110,980 |
| Total expenditures | $ 12,870,325 | $ 12,078,683 | $ 11,366,952 | $ 9,999,131 | $ 8,891,729 |

All governmental fund types consist of the General Fund, special revenue funds, debt service funds and capital projects funds.

### *Major Revenues by Source*
### *1984 - 1993*

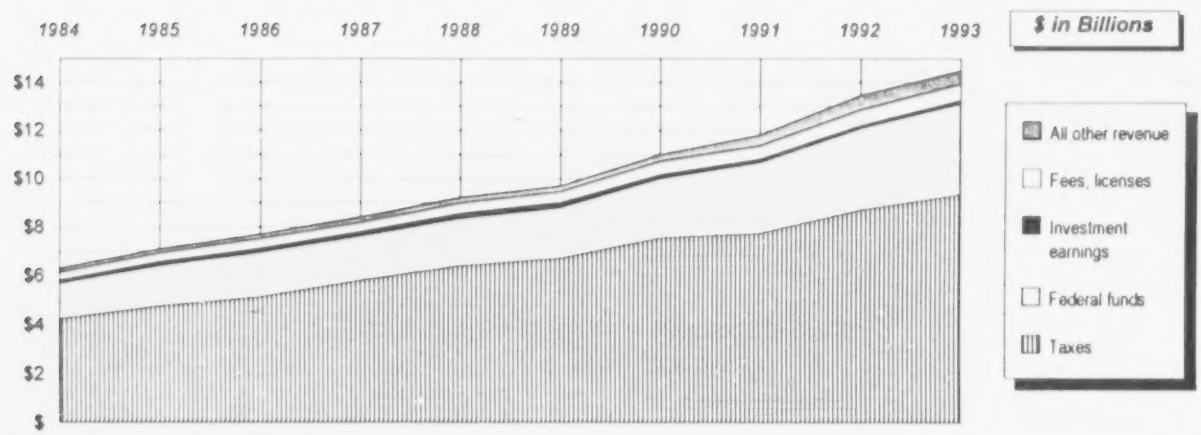
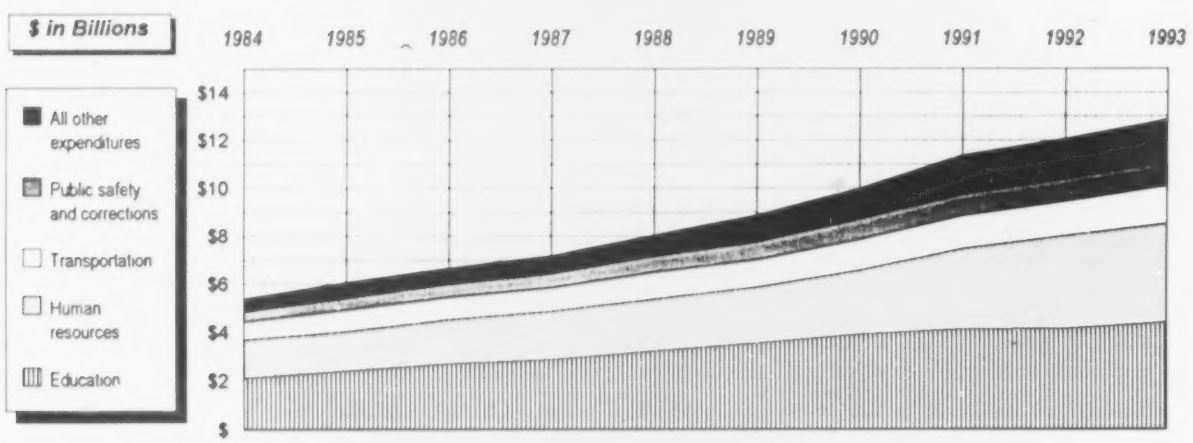


*Table 1*

| 1988 | 1987 | 1986 | 1985 | 1984 |
|---|---|---|---|---|
| $ 6,381,706 | $ 5,783,713 | $ 5,128,967 | $ 4,745,794 | $ 4,215,679 |
| 1,995,659 | 1,852,618 | 1,826,821 | 1,664,544 | 1,473,021 |
| 113,035 | 109,711 | 100,473 | 82,893 | 90,040 |
| 212,731 | 173,557 | 179,556 | 167,111 | 129,743 |
| 69,953 | 53,513 | 49,083 | 41,301 | 56,681 |
| 5,896 | 4,252 | 3,960 | 3,503 | 2,734 |
| 404,925 | 369,082 | 366,362 | 331,419 | 307,115 |
| 9,192 | 6,874 | 2,524 | 3,017 | 3,150 |
| 35,648 | 56,169 | 36,757 | 33,339 | 26,715 |
| $ 9,228,745 | $ 8,409,489 | $ 7,694,503 | $ 7,072,921 | $ 6,304,878 |
| | | | | |
| $ 274,736 | $ 220,539 | $ 132,359 | $ 125,521 | $ 114,612 |
| 3,213,663 | 2,889,659 | 2,708,270 | 2,394,755 | 2,112,501 |
| 2,169,229 | 1,993,352 | 1,830,992 | 1,641,976 | 1,600,450 |
| 66,168 | 65,430 | 65,160 | 70,133 | - |
| 327,798 | 304,512 | 312,423 | 285,368 | 249,710 |
| 636,941 | 576,064 | 529,943 | 485,697 | 416,014 |
| 1,116,397 | 950,076 | 912,778 | 883,027 | 729,224 |
| 49,091 | 46,137 | 46,736 | 40,064 | 36,920 |
| 89,815 | 53,567 | 43,255 | 34,786 | 26,770 |
| 113,182 | 97,195 | 113,013 | 115,570 | 118,072 |
| $ 8,057,020 | $ 7,196,531 | $ 6,694,929 | $ 6,076,897 | $ 5,404,273 |

## *Major Expenditures by Function*
## *1984 - 1993*



## COMPUTATION OF LEGAL DEBT LIMIT

June 30, 1993 — *Table 2*

*(Expressed in Thousands)*

| | |
|---|---|
| General obligation bonds authorized | $993,249 |
| Allowable increase in general obligation bonds by General Assembly for lawful purposes: | |
| 1993-95 biennium | 3,406 |
| Legal debt limit | 996,655 |
| Less bonds issued | (905,749) |
| Unused allowable debt | $ 90,906 |

The limitations on State Debt and Bond Issues are contained in the State Constitution, Article 5, Section 3. This section restricts the General Assembly from contracting debts secured by a pledge of the faith and credit of the State, unless approved by a majority of the qualified voters of the State except for:

1. To fund or refund a valid existing debt;
2. To supply an unforeseen deficiency in the revenue;
3. To borrow in anticipation of the collection of taxes due and payable within the current fiscal year to an amount not exceeding 50 percent of such taxes;
4. To suppress riots or insurrections, or to repel invasions;
5. To meet emergencies immediately threatening the public health or safety, as conclusively determined in writing by the Governor;
6. For any other lawful purposes, to the extent of two-thirds of the amount by which the State's outstanding indebtedness shall have been reduced during the next preceding biennium.

Below is a calculation of the allowable increase in General Obligation Bonds by the General Assembly for lawful purposes without voter approval.

| | General Obligation Bonds | | | | | | Allowable Increase | |
|---|---|---|---|---|---|---|---|---|
| Preceding Biennium | Beginning Balance | Issues | Refunded | Repayment (Net of Accretion) | Ending Balance | Decrease (Increase) | (2/3 of Debt Decrease) Amount | Biennium |
| 1991-93 | $590,014 | $157,500 | $ - | $(162,609) | $584,905 | $ 5,109 | $ 3,406 | 1993-95 |
| 1989-91 | 660,429 | 75,000 | - | (145,415) | 590,014 | 70,415 | 46,943 | 1991-93 |
| 1987-89 | 775,500 | 20,499 | - | (135,570) | 660,429 | 115,071 | 76,714 | 1989-91 |
| 1985-87 | 821,000 | 506,000 | (460,000) | (91,500) | 775,500 | 45,500 | 30,333 | 1987-89 |
| 1983-85 | 937,400 | - | - | (116,400) | 821,000 | 116,400 | 77,600 | 1985-87 |
| 1981-83 | 763,200 | 280,000 | - | (105,800) | 937,400 | (174,200) | N/A | 1983-85 |
| 1979-81 | 674,300 | 187,250 | - | (98,350) | 763,200 | (88,900) | N/A | 1981-83 |

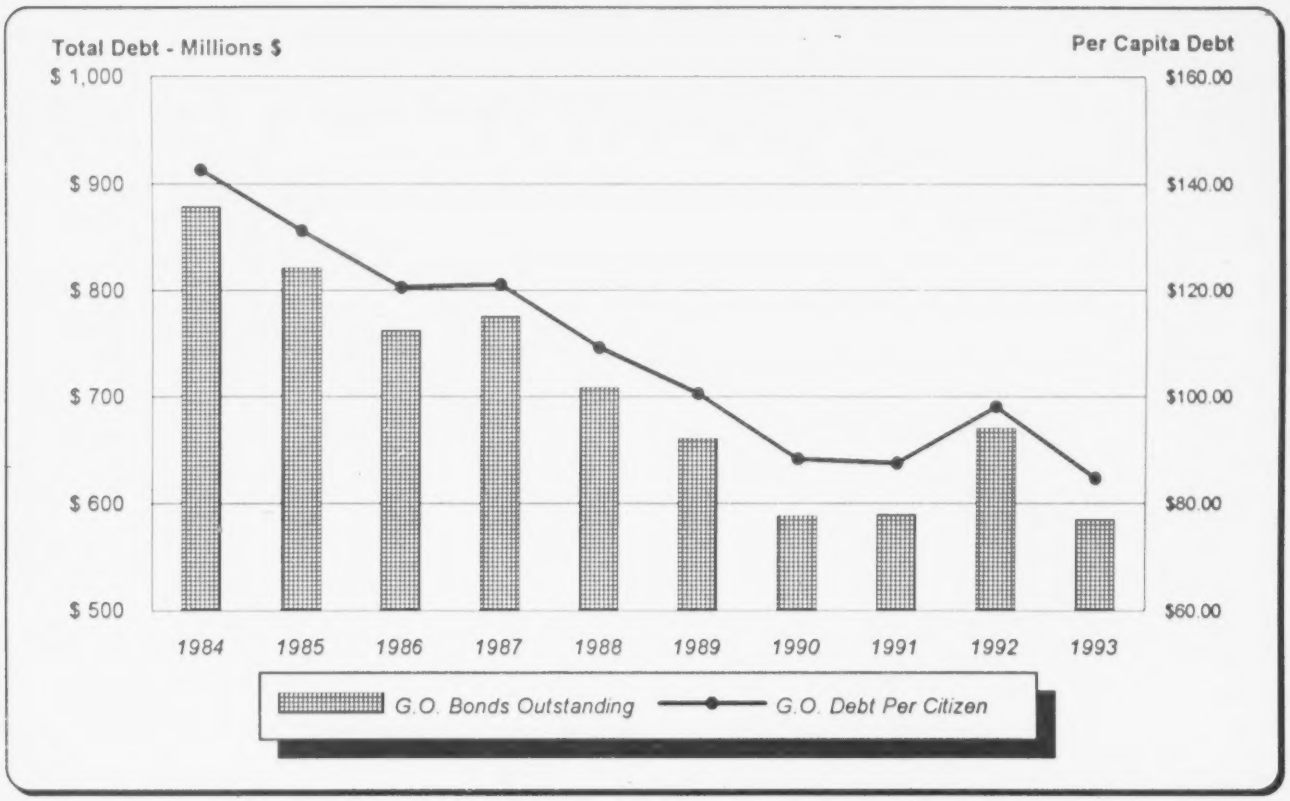
N/A - None Allowable

## GENERAL OBLIGATION BONDS DEBT RATIOS

For the Fiscal Years 1984-1993 *Table 3*

| Fiscal Year Ended June 30 | General Obligation Debt Per Capita | | | Ratio of Annual Debt Service To General Expenditures | | |
|---|---|---|---|---|---|---|
| | N.C. Population | General Obligation Bonds Outstanding | G.O. Debt per Citizen | Debt Service (Principal and Interest) | Total General Expenditures | Ratio |
| 1993 | 6,903,940 | $ 584,905,000 | $ 84.72 | $ 124,314,000 | $12,870,325,000 | 0.97% |
| 1992 | 6,836,977 | $ 670,380,000 | $ 98.05 | $ 114,928,000 | $12,078,683,000 | 0.95% |
| 1991 | 6,739,680 | $ 590,014,000 | $ 87.54 | $ 106,692,000 | $11,366,952,000 | 0.94% |
| 1990 | 6,653,894 | $ 588,004,000 | $ 88.37 | $ 110,396,000 | $ 9,999,131,000 | 1.10% |
| 1989 | 6,568,809 | $ 660,429,000 | $ 100.54 | $ 110,980,000 | $ 8,891,729,000 | 1.25% |
| 1988 | 6,483,344 | $ 708,160,000 | $ 109.23 | $ 112,067,000 | $ 8,057,020,000 | 1.39% |
| 1987 | 6,405,867 | $ 775,500,000 | $ 121.06 | $ 78,567,000 | $ 7,196,531,000 | 1.09% |
| 1986 | 6,323,173 | $ 762,000,000 | $ 120.51 | $ 111,927,000 | $ 6,694,929,000 | 1.67% |
| 1985 | 6,254,997 | $ 821,000,000 | $ 131.26 | $ 114,479,000 | $ 6,076,897,000 | 1.88% |
| 1984 | 6,164,501 | $ 879,200,000 | $ 142.62 | $ 118,072,000 | $ 5,404,273,000 | 2.18% |

### *Total General Obligation Debt, and Long-Term Debt Per Capita*




*Source:* ***Population -*** *U.S. Department of Commerce, Bureau of the Census, and N.C. Office of State Budget and Management*

## REVENUE BOND COVERAGE

For the Fiscal Years 1984-1993 — *Table 4*

*(Expressed in Thousands)*

| Fiscal Year Ended June 30 | Gross Revenues [1] | Direct Operating Expenses [1] | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage [2] |
|---|---|---|---|---|---|---|---|
| | | | | Principal | Interest | Total | |
| ***General Long-Term Obligations Account Group*** | | | | | | | |
| 1993 | $ 371 | $ - | $ 371 | $ 750 | $ 72 | $ 822 | .45 |
| 1992 | 380 | - | 380 | 750 | 143 | 893 | .43 |
| 1991 | 365 | - | 365 | 650 | 203 | 853 | .43 |
| 1990 | 755 | - | 755 | 650 | 261 | 911 | .83 |
| 1989 | 379 | - | 379 | 550 | 311 | 861 | .44 |
| 1988 | 1,842 | 301 | 1,541 | 683 | 430 | 1,113 | 1.38 |
| 1987 | 1,695 | 243 | 1,452 | 572 | 477 | 1,049 | 1.38 |
| 1986 | 1,614 | 263 | 1,351 | 562 | 528 | 1,090 | 1.24 |
| 1985 | 1,689 | 233 | 1,456 | 502 | 591 | 1,093 | 1.33 |
| 1984 | 1,927 | 167 | 1,760 | 350 | 613 | 963 | 1.83 |
| ***Enterprise Funds [3]*** | | | | | | | |
| 1993 | 440,555 | 299,239 | 141,316 | 20,063 | 70,050 | 90,113 | 1.57 |
| 1992 | 112,697 | 10,215 | 102,482 | 18,098 | 68,533 | 86,631 | 1.18 |
| 1991 | 117,764 | 8,153 | 109,611 | 18,562 | 70,840 | 89,402 | 1.23 |
| 1990 | 104,811 | 10,329 | 94,482 | 19,147 | 70,554 | 89,701 | 1.05 |
| 1989 | 109,473 | 10,395 | 99,078 | 17,938 | 79,809 | 97,747 | 1.01 |
| 1988 | 93,410 | 7,132 | 86,278 | 16,702 | 61,915 | 78,617 | 1.10 |
| 1987 | 96,940 | 6,680 | 90,260 | 14,560 | 68,936 | 83,496 | 1.08 |
| 1986 | 98,167 | 5,909 | 92,258 | 11,682 | 65,546 | 77,228 | 1.19 |
| 1985 | 70,169 | 4,393 | 65,776 | 6,910 | 51,023 | 57,933 | 1.14 |
| 1984 | 51,669 | 4,110 | 47,559 | 3,772 | 31,537 | 35,309 | 1.35 |
| ***Internal Service Funds*** | | | | | | | |
| 1993 | - | - | - | - | - | - | - |
| 1992 | - | - | - | - | - | - | - |
| 1991 | - | - | - | - | - | - | - |
| 1990 | - | - | - | - | - | - | - |
| 1989 [4] | - | - | - | - | - | - | - |
| 1988 | 842 | 408 | 434 | 60 | 99 | 159 | 2.73 |
| 1987 | 803 | 365 | 438 | 55 | 103 | 158 | 2.77 |
| 1986 | 722 | 281 | 441 | 55 | 106 | 161 | 2.74 |
| 1985 | 704 | 256 | 448 | 55 | 109 | 164 | 2.73 |
| 1984 | 636 | 223 | 413 | 50 | 112 | 162 | 2.55 |
| ***University Funds*** | | | | | | | |
| 1993 | 287,927 | 225,143 | 62,784 | 13,139 | 25,225 | 38,364 | 1.64 |
| 1992 | 263,866 | 210,126 | 53,740 | 8,361 | 22,205 | 30,566 | 1.76 |
| 1991 | 244,610 | 201,762 | 42,848 | 6,905 | 19,797 | 26,702 | 1.60 |
| 1990 | 226,101 | 183,334 | 42,767 | 6,076 | 18,972 | 25,048 | 1.71 |
| 1989 | 155,692 | 117,700 | 37,992 | 5,115 | 15,968 | 21,083 | 1.80 |
| 1988 | 143,636 | 104,908 | 38,728 | 5,211 | 15,614 | 20,825 | 1.86 |
| 1987 | 144,987 | 96,412 | 48,575 | 14,133 | 17,398 | 31,531 | 1.54 |
| 1986 | 112,125 | 69,416 | 42,709 | 10,883 | 11,054 | 21,937 | 1.95 |
| 1985 | 105,526 | 64,705 | 40,821 | 10,880 | 12,329 | 23,209 | 1.76 |
| 1984 | 99,670 | 58,559 | 41,111 | 10,385 | 12,347 | 22,732 | 1.81 |

[1] - Represents actual fund receipts and disbursements securing the applicable bonds.

[2] - Ideally, the coverage number would be 1.00 or higher, indicating that Net Revenues Available exceeds Debt Service Requirements.

[3] - Actual amounts paid differ from scheduled debt service requirements presented above.

[4] - These bonds were paid in full in 1989.

# STATEWIDE ASSESSED PROPERTY VALUES
# REAL PROPERTY, TANGIBLE PERSONAL PROPERTY AND PUBLIC SERVICE COMPANIES

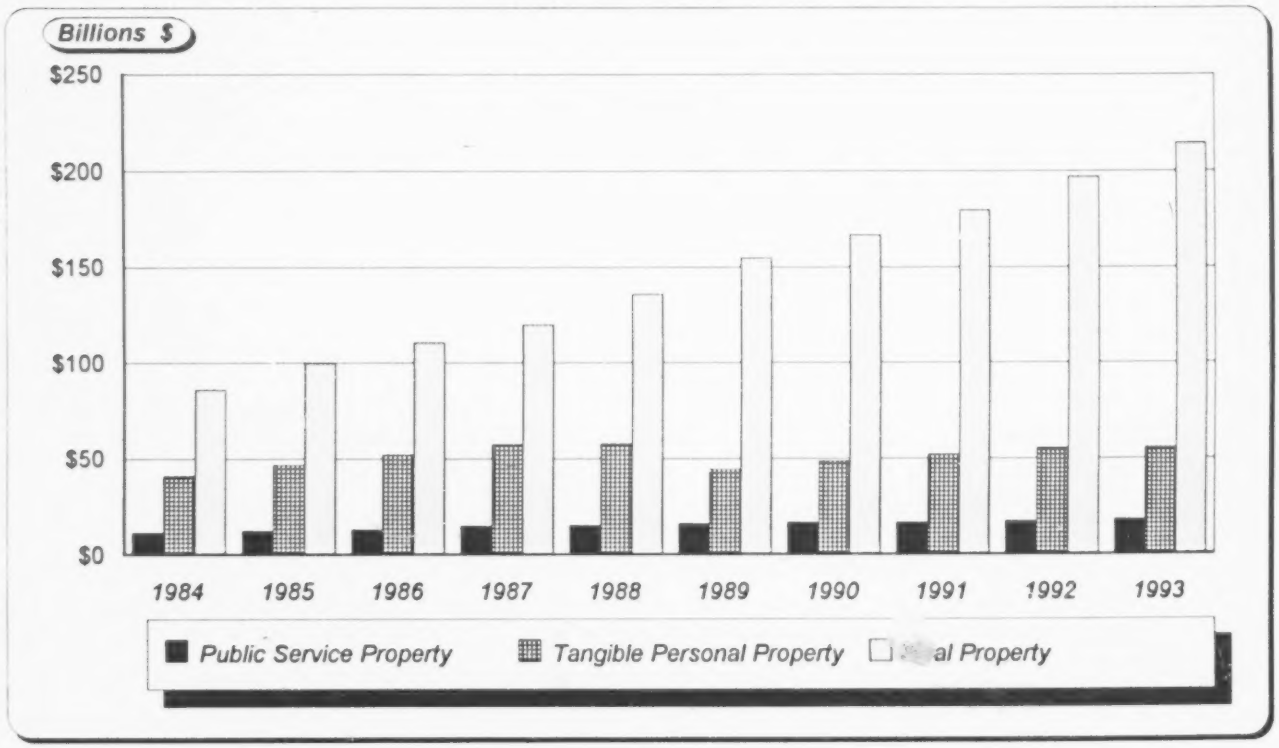
For the Fiscal Years 1984-1993 *Table 5*

*(Expressed in Whole Dollars)*

| For the Years | Assessed Value at January 1 | | | |
|---|---|---|---|---|
| | Real Property | Personal Property | Public Service Companies | Total |
| 1993 | $214,688,830,054 | $55,808,723,703 | $18,210,749,564 | $288,708,303,321 |
| 1992 | 197,102,056,813 | 55,347,001,285 | 17,272,796,848 | 269,721,854,946 |
| 1991 | 179,691,593,712 | 51,895,857,703 | 16,651,387,521 | 248,238,838,936 |
| 1990 | 166,750,735,800 | 48,368,087,887 | 16,472,361,742 | 231,591,185,429 |
| 1989 | 154,815,470,266 | 44,173,378,142 | 15,923,293,458 | 214,912,141,866 |
| 1988 | 135,671,300,372 | 57,705,370,847 | 15,004,816,111 | 208,381,487,330 |
| 1987 | 119,820,416,998 | 57,413,010,754 | 14,692,714,720 | 191,926,142,472 |
| 1986 | 110,680,982,831 | 52,110,604,176 | 13,104,758,032 | 175,896,345,039 |
| 1985 | 99,850,538,664 | 46,693,841,533 | 12,365,634,320 | 158,910,014,517 |
| 1984 | 85,972,825,736 | 41,000,251,830 | 11,440,623,819 | 138,413,701,385 |

The State does not levy an ad valorem tax on real property and tangible personal property. The only State-levied property tax is on intangible personal property. After January 1, 1988, inventories were exempt from property taxes. Counties are required by statute to assess property at 100% of appraised value.

## *Statewide Assessed Property Values*
## *Ten-Year Comparison*




*Source: Compiled by the Department of Revenue from reports submitted by counties and municipalities.*

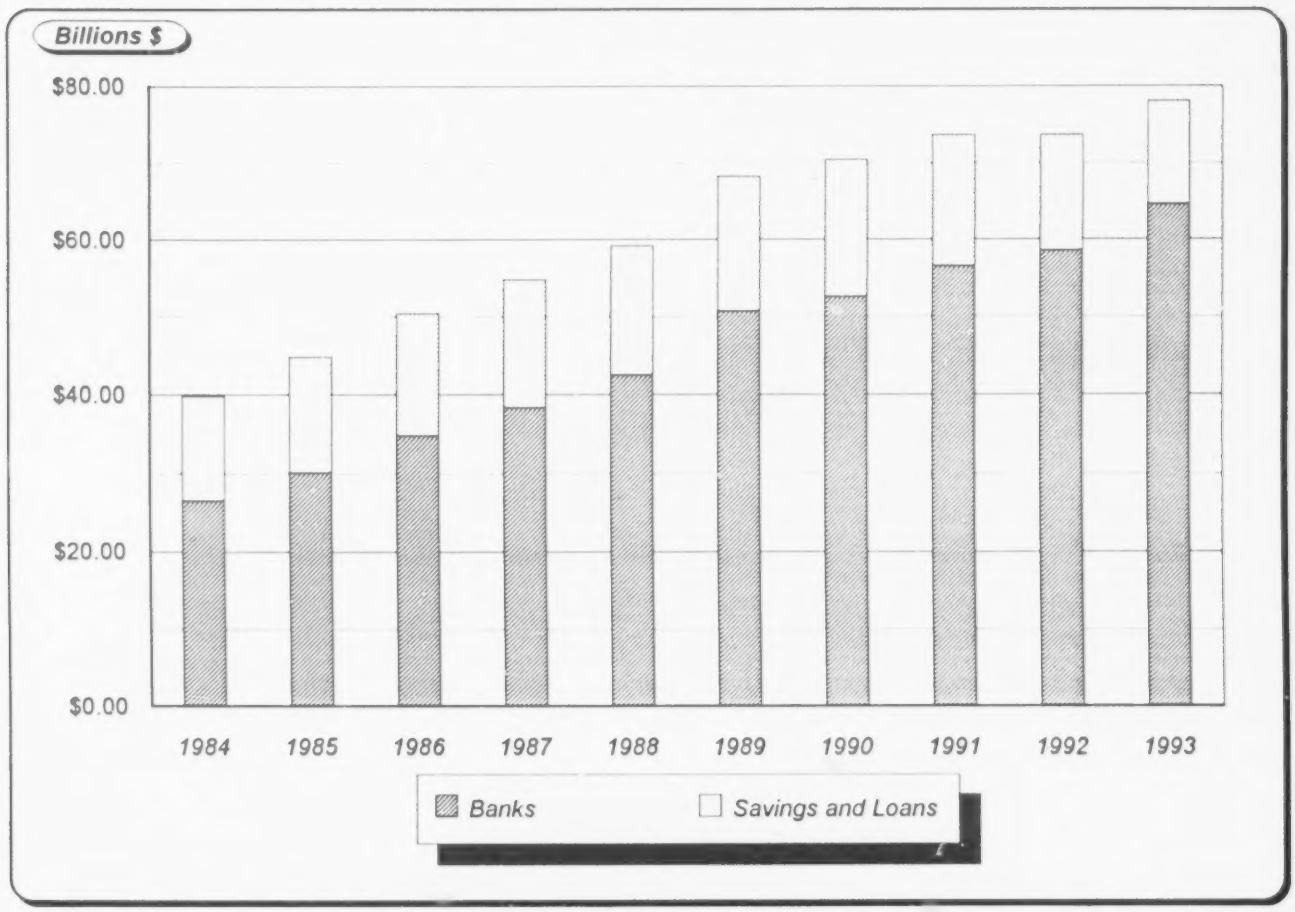
# SCHEDULE OF BANK AND SAVINGS AND LOAN DEPOSITS OF FINANCIAL INSTITUTIONS LOCATED IN NORTH CAROLINA

For the Years 1984-1993 *Table 6*

*(Expressed in Thousands)*

| *Banks* | | | | *Savings and Loan Associations* | | | |
|---|---|---|---|---|---|---|---|
| As of June 30 | Chartered State | Chartered National | Total Deposits | As of Dec. 31 | Chartered State | Chartered Federal | Total Deposits |
| 1993 | $23,310,981 | $41,231,385 | **$64,542,366** | 1992 | $ 5,670,725 | $ 7,788,016 | **$13,458,741** |
| 1992 | 21,213,128 | 37,261,674 | **58,474,802** | 1991 | 4,878,921 | 10,253,169 | **15,132,090** |
| 1991 | 19,561,303 | 36,969,025 | **56,530,328** | 1990 | 5,327,335 | 11,822,779 | **17,150,114** |
| 1990 | 16,496,940 | 36,025,376 | **52,522,316** | 1989 | 5,884,060 | 12,042,337 | **17,926,397** |
| 1989 | 13,741,263 | 36,977,970 | **50,719,233** | 1988 | 5,720,556 | 11,793,232 | **17,513,788** |
| 1988 | 12,177,522 | 30,330,695 | **42,508,217** | 1987 | 5,649,780 | 11,020,472 | **16,670,252** |
| 1987 | 10,884,948 | 27,445,346 | **38,330,294** | 1986 | 5,882,096 | 10,566,483 | **16,448,579** |
| 1986 | 9,513,909 | 25,259,970 | **34,773,879** | 1985 | 5,694,939 | 10,010,104 | **15,705,043** |
| 1985 | 10,247,786 | 19,781,193 | **30,028,979** | 1984 | 5,601,745 | 9,231,293 | **14,833,038** |
| 1984 | 9,282,068 | 17,181,045 | **26,463,113** | 1983 | 5,008,477 | 8,330,292 | **13,338,769** |

***Deposits in N.C. Banks and Savings and Loan Associations Last Ten Years***




*Source: North Carolina Department of Economic and Community Development*

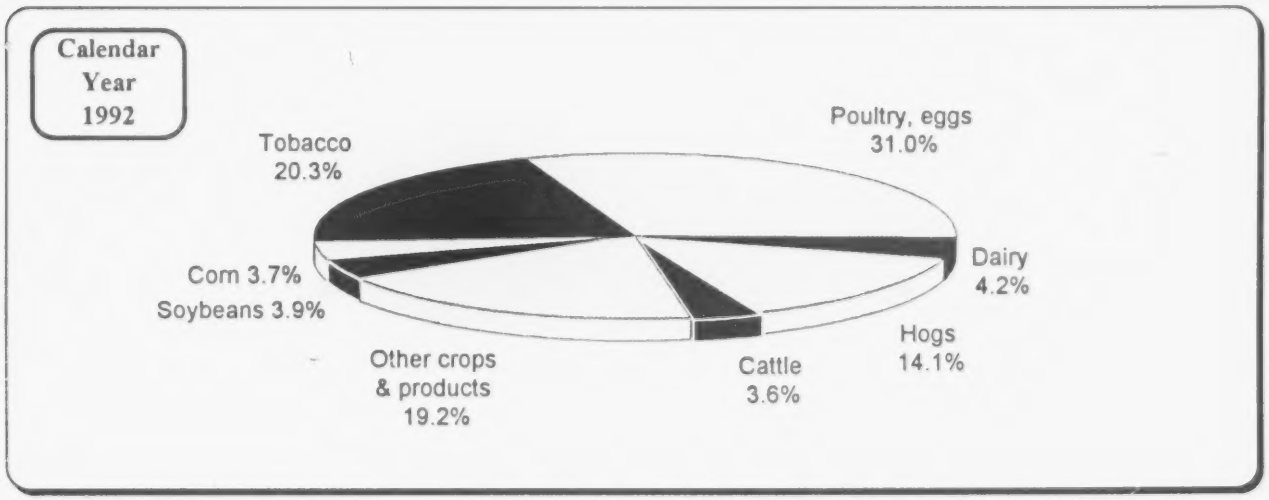
## CASH RECEIPTS FROM FARMING BY COMMODITIES

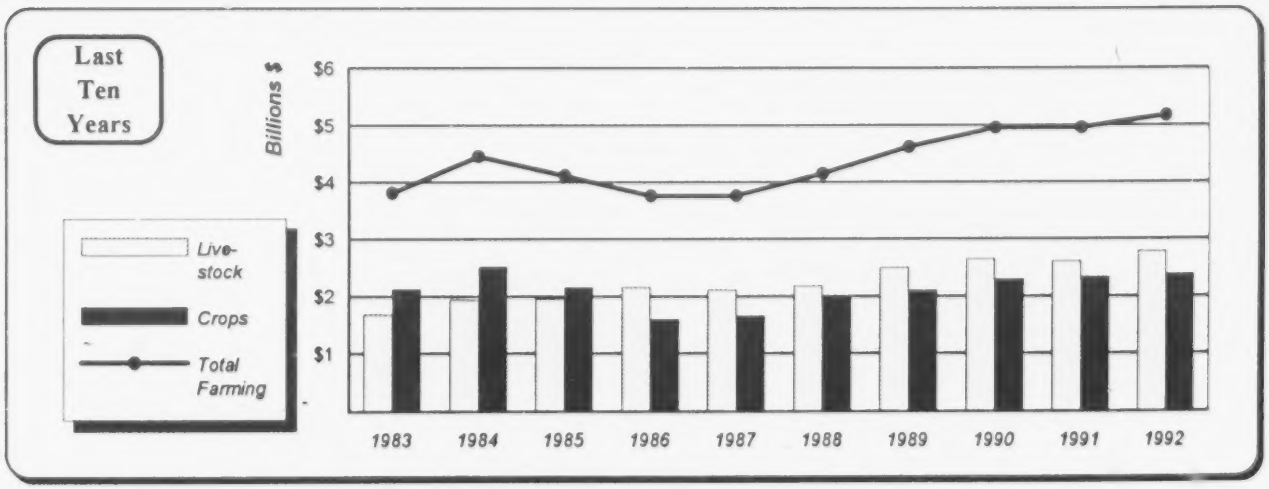
For the Calendar Years 1983-1992 *Table 7*

*(Expressed in Millions)*

| | *Livestock and Related Products* | | | | | | *Crops* | | | | | *Total* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | Poultry and Eggs | Dairy Products | Hogs | Cattle | Other Livestock and Products | Total Livestock and Products | Tobacco | Soybeans | Corn | Other Crops | Total Crops | All Livestock and Crops |
| 1992 | $1,608.8 | $215.3 | $729.8 | $188.0 | $53.6 | $2,795.5 | $1,049.5 | $201.4 | $194.4 | $940.9 | $2,386.2 | **$5,181.7** |
| 1991 | 1,516.9 | 204.2 | 665.3 | 177.7 | 53.1 | 2,617.2 | 1,054.7 | 193.4 | 166.4 | 924.1 | 2,338.6 | **4,955.8** |
| 1990 | 1,577.3 | 234.8 | 615.1 | 178.7 | 52.9 | 2,658.8 | 1,051.6 | 205.0 | 193.2 | 853.9 | 2,303.7 | **4,962.5** |
| 1989 | 1,574.5 | 223.8 | 508.8 | 148.4 | 54.7 | 2,510.2 | 946.1 | 231.2 | 189.2 | 744.6 | 2,111.1 | **4,621.3** |
| 1988 | 1,316.5 | 219.7 | 447.9 | 152.9 | 50.6 | 2,187.6 | 859.0 | 235.7 | 170.7 | 699.3 | 1,964.7 | **4,152.3** |
| 1987 | 1,152.0 | 222.6 | 497.9 | 190.7 | 52.0 | 2,115.2 | 730.1 | 196.3 | 116.9 | 608.9 | 1,652.2 | **3,767.4** |
| 1986 | 1,289.9 | 230.7 | 437.9 | 168.9 | 43.7 | 2,171.1 | 698.8 | 174.1 | 180.4 | 540.5 | 1,593.8 | **3,764.9** |
| 1985 | 1,125.5 | 246.9 | 387.5 | 154.4 | 43.4 | 1,957.7 | 936.2 | 212.2 | 272.9 | 736.0 | 2,157.3 | **4,115.0** |
| 1984 | 1,172.7 | 238.8 | 380.9 | 104.5 | 41.5 | 1,938.4 | 1,054.2 | 274.8 | 320.4 | 866.1 | 2,515.5 | **4,453.9** |
| 1983 | 907.9 | 245.1 | 378.1 | 106.7 | 41.3 | 1,679.1 | 1,019.8 | 257.8 | 187.3 | 666.9 | 2,131.8 | **3,810.9** |

### *CASH RECEIPTS FROM FARMING*




*Source: North Carolina Crop and Livestock Reporting Service (data for 1993 is not available.)*

## MAJOR PRIVATE EMPLOYERS IN NORTH CAROLINA

June 30, 1993 *Table 8*

The State's largest major private employers, ranked by number of employees as of June 30, 1993, are listed:

| 1993 Rank | Employer | Type of Business | Range of Number Employed |
|---|---|---|---|
| 1 | Food Lion, Inc. | Supermarket chain | 23,000 - 23,999 |
| 2 | Sara Lee Corporation | Hosiery, baked goods, apparel | 21,000 - 21,999 |
| 3 | Duke University | Private university, medical center | 20,000 - 20,999 |
| 4 | Duke Power Company | Electric utility | 18,000 - 18,999 |
| 5 | Wal-Mart Stores, Inc. | Discount store chain | 16,000 - 16,999 |
| 6 | International Business Machines Corporation | Computers, telecommunications | 14,000 - 14,999 |
| 7 | Burlington Industries, Inc. | Textiles | 13,000 - 13,999 |
| 8 | Winn-Dixie Stores, Inc. | Supermarket chain | 12,000 - 12,999 |
| 9 | U. S. Air Inc. | Airline | 12,000 - 12,999 |
| 10 | First Union Corporation | Banking and financial services | 11,000 - 11,999 |
| 11 | Fieldcrest Cannon, Inc. | Towels, sheets, other textiles | 10,000 - 10,999 |
| 12 | K-Mart Corporation | Discount store chain | 10,000 - 10,999 |
| 13 | RJR Nabisco, Inc. | Tobacco, food products | 9,000 - 9,999 |
| 14 | Harris Teeter, Inc. | Supermarket chain | 8,000 - 8,999 |
| 15 | Wachovia Corporation | Banking and financial services | 8,000 - 8,999 |
| 16 | Roses Stores, Inc. | Discount store chain | 7,000 - 7,999 |
| 17 | Carolina Power & Light Company | Electric utility | 7,000 - 7,999 |
| 18 | Northern Telecom Inc | Telecommunications | 7,000 - 7,999 |
| 19 | Sears Roebuck and Company | Department store chain | 7,000 - 7,999 |
| 20 | General Electric Corporation | Industrial organic chemicals | 7,000 - 7,999 |
| 21 | Collins & Aikman Group, Inc. | Textiles | 6,000 - 6,999 |
| 22 | A T & T Technologies, Inc. | Telecommunications | 6,000 - 6,999 |
| 23 | Broyhill Furniture Industries | Furniture manufacturing | 6,000 - 6,999 |
| 24 | United Parcel Service | Delivery services | 6,000 - 6,999 |
| 25 | Bellsouth Telecommunications, Inc. | Telecommunications | 6,000 - 6,999 |

*Source: Employment data compiled by an Office of the State Controller survey of North Carolina's largest corporations.*

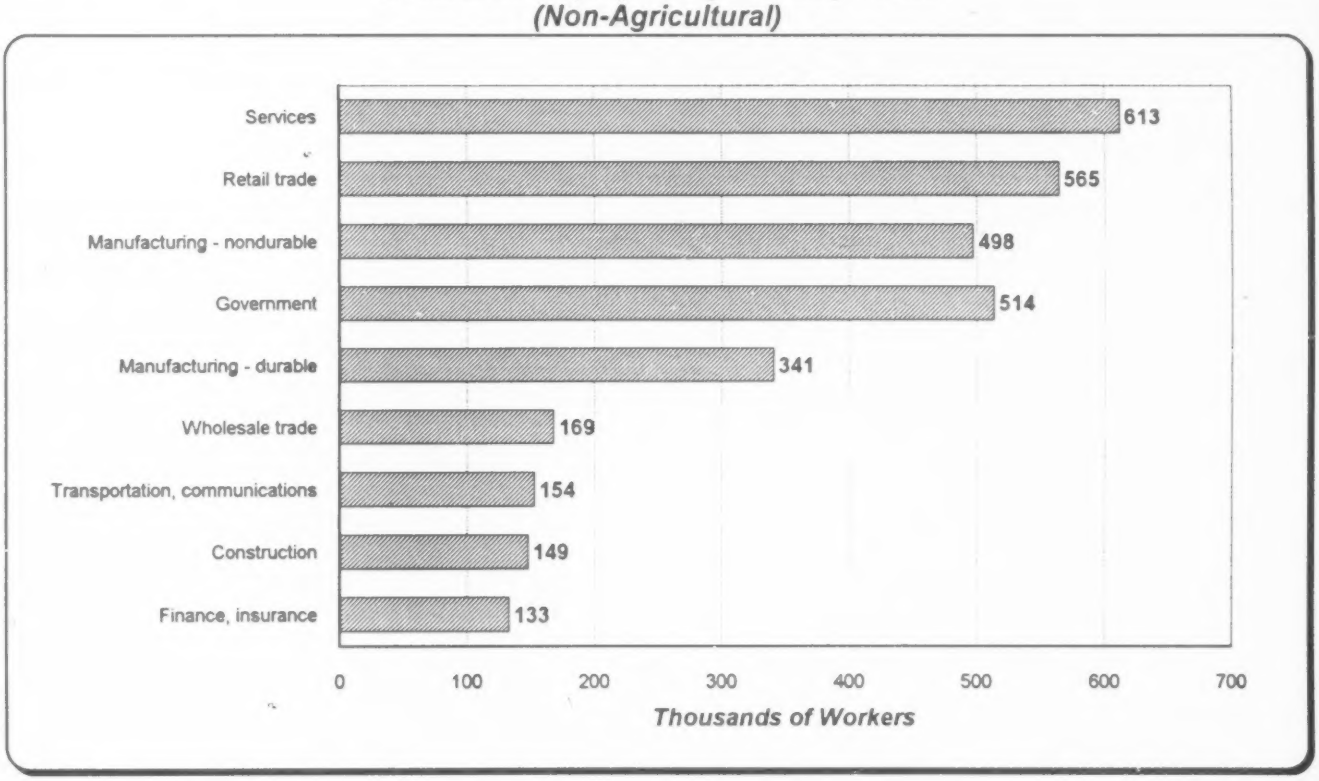
## TEN LARGEST NON-AGRICULTURAL INDUSTRIES BY NUMBER OF EMPLOYEES

For the Calendar Years 1983-1992 *Table 9*

*(Expressed in Thousands of Workers)*

| | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1983 |
|---|---|---|---|---|---|---|---|---|---|---|
| Manufacturing: | | | | | | | | | | |
| Nondurable goods | 497.7 | 494.9 | 501.2 | 519.8 | 513.3 | 509.7 | 494.3 | 487.0 | 501.0 | 493.8 |
| Durable goods | 341.4 | 337.5 | 343.9 | 350.4 | 353.6 | 346.3 | 338.5 | 341.6 | 334.6 | 302.3 |
| Retail trade | 564.9 | 549.7 | 554.6 | 557.4 | 519.0 | 491.1 | 467.7 | 440.8 | 417.2 | 386.2 |
| Services | 612.7 | 566.6 | 555.5 | 526.0 | 522.3 | 488.8 | 456.3 | 428.7 | 399.3 | 370.4 |
| Government | 513.8 | 494.4 | 486.9 | 475.6 | 453.5 | 442.3 | 430.9 | 420.5 | 413.7 | 407.1 |
| Contract construction | 148.5 | 146.0 | 159.0 | 163.6 | 164.7 | 159.9 | 155.2 | 149.2 | 132.6 | 112.4 |
| Wholesale trade | 168.8 | 166.5 | 167.2 | 168.0 | 159.3 | 152.4 | 144.9 | 138.8 | 131.8 | 121.8 |
| Transportation, communications and public utilities | 153.5 | 151.5 | 150.3 | 149.2 | 146.9 | 141.0 | 133.7 | 130.5 | 126.6 | 120.5 |
| Finance, insurance and real estate | 133.3 | 132.4 | 132.1 | 130.1 | 130.3 | 126.2 | 117.9 | 109.4 | 103.8 | 100.4 |
| Mining | 3.4 | 4.9 | 5.1 | 4.8 | 4.8 | 4.9 | 4.8 | 4.8 | 4.6 | 4.3 |
| Total Non-Agricultural Employment | 3,138.0 | 3,044.4 | 3,055.8 | 3,044.9 | 2,967.7 | 2,862.6 | 2,744.2 | 2,651.3 | 2,565.2 | 2,419.2 |
| Manufacturing | 839.1 | 832.4 | 845.1 | 870.2 | 866.9 | 856.0 | 832.8 | 828.6 | 835.6 | 796.1 |
| Non-Manufacturing | 2,298.9 | 2,212.0 | 2,210.7 | 2,174.7 | 2,100.8 | 2,006.6 | 1,911.4 | 1,822.7 | 1,729.6 | 1,623.1 |

***Number of Employees by Industry - 1992***
***(Non-Agricultural)***




*Source: North Carolina Employment Security Commission (data for 1993 is not available.)*

## SCHEDULE OF DEMOGRAPHIC DATA

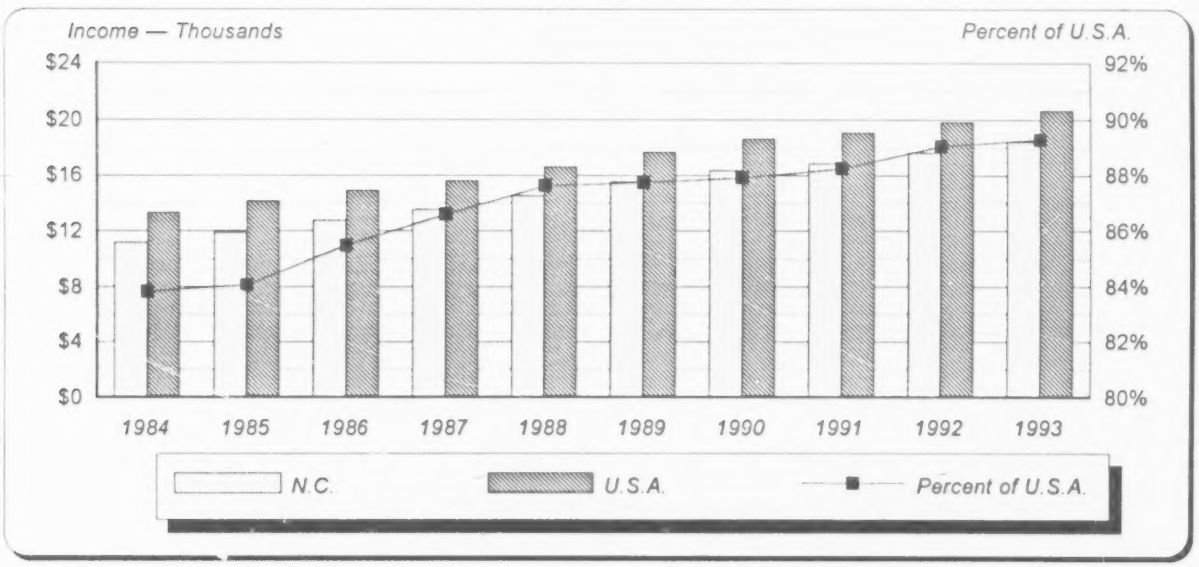
For the Years 1950, 1960, 1970, 1980, 1984-1993

*(Expressed in Whole Numbers)*

| | Population [1] | | | | | | Per Capita Income [2] | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | United States Population | | U.S. Increase From Prior Period | North Carolina Population | | N.C. Increase From Prior Period | United States | North Carolina | | N.C. As A Percentage of U.S. |
| 1993 | 257,906,000 | [B] | 1.11% | 6,903,940 | [C] | 0.98% | $20,654 | $18,444 | [E] | 89.30% |
| 1992 | 255,082,000 | [B] | 1.16% | 6,836,977 | [D] | 1.44% | 19,841 | 17,667 | | 89.04% |
| 1991 | 252,160,000 | [B] | 1.39% | 6,739,680 | [D] | 1.29% | 19,091 | 16,848 | | 88.25% |
| 1990 | 248,710,000 | [A] | 0.77% | 6,653,894 | [A] | 1.30% | 18,635 | 16,383 | | 87.92% |
| 1989 | 246,819,000 | [B] | 0.95% | 6,568,809 | | 1.32% | 17,696 | 15,527 | | 87.74% |
| 1988 | 244,499,000 | [B] | 0.91% | 6,483,344 | | 1.21% | 16,615 | 14,558 | | 87.62% |
| 1987 | 242,289,000 | [B] | 0.90% | 6,405,867 | | 1.31% | 15,638 | 13,541 | | 86.59% |
| 1986 | 240,133,000 | [B] | 0.93% | 6,323,173 | | 1.09% | 14,910 | 12,746 | | 85.49% |
| 1985 | 237,924,000 | [B] | 0.89% | 6,254,997 | | 1.47% | 14,159 | 11,902 | | 84.06% |
| 1984 | 235,825,000 | [B] | 0.86% | 6,164,501 | | 1.43% | 13,336 | 11,180 | | 83.83% |
| 1980 | 226,546,000 | [A] | 11.13% | 5,880,095 | [A] | 15.65% | 9,942 | 7,994 | | 80.41% |
| 1970 | 203,849,000 | [A] | 13.26% | 5,084,411 | [A] | 11.59% | 4,047 | 3,233 | | 79.89% |
| 1960 | 179,979,000 | [A] | 18.51% | 4,556,155 | [A] | 12.17% | 2,254 | 1,615 | | 71.65% |
| 1950 | 151,868,000 | [A] | | 4,061,929 | [A] | | 1,496 | 1,037 | | 69.32% |

*[ A ] - U.S. Census count - April 1 (1950 - 1990)*
*[ B ] - U.S. Census estimates - July 1 (1984 - 1993)*
*[ C ] - N.C. Office of State Planning projection - July 1, 1993, based on April, 1990, census population of 6,632,447*
*[ D ] - N.C. Office of State Planning estimate - July 1, 1991-1992, based on April, 1990 census population of 6,632,447*
*[ E ] - N.C. OSBM estimate*

### *Per Capita Income North Carolina Compared to United States 1984 to 1993*




**Sources:**

*[1] Population* — *U.S. Department of Commerce, Bureau of the Census; N.C. Office of State Planning*

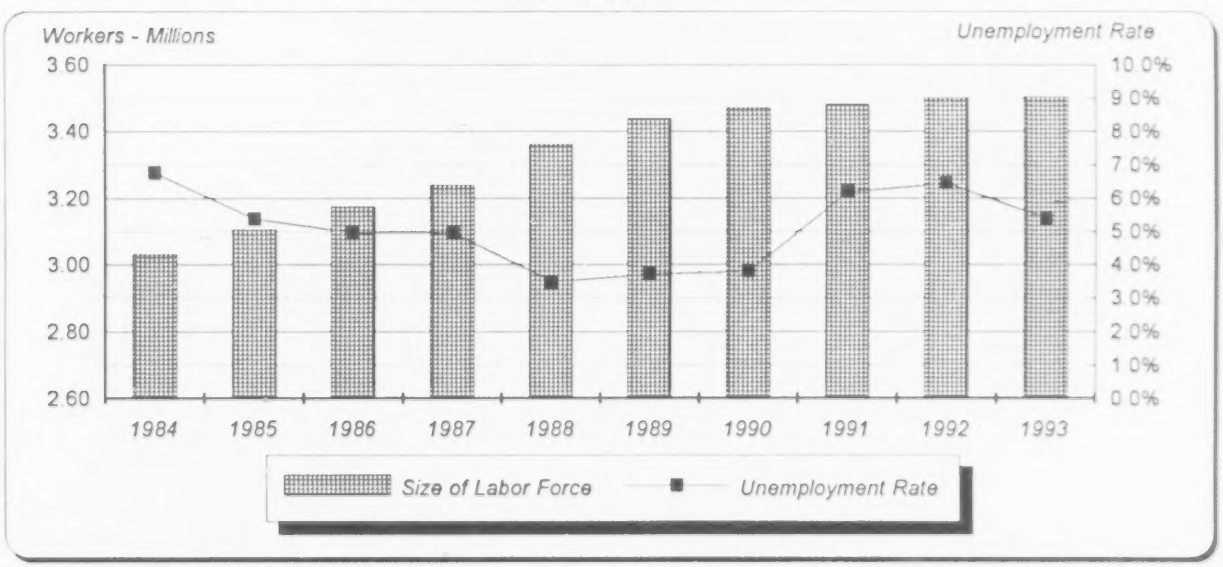
*[2] Per Capita Income* — *U.S. Department of Commerce, Bureau of Economic Analysis; N.C. Office of State Budget and Management*

*[3] Labor Force Data - As of June 30* — *N.C. Employment Security Commission*

Table 10

| North Carolina Civilian Labor Force Data [3] | | | | North Carolina - Other Data | | |
|---|---|---|---|---|---|---|
| Total | Employed | Unemployed | Unemployed Percentage Rate | [4] Public School Enrollment | [5] Motor Vehicles Registered | [6] Residential Construction Authorized |
| 3,504,000 | 3,315,000 | 189,000 | 5.39% | 1,093,683 | 5,870,252 | 27,074 |
| 3,501,000 | 3,275,000 | 226,000 | 6.46% | 1,080,223 | 5,695,022 | 49,482 |
| 3,482,000 | 3,266,000 | 216,000 | 6.20% | 1,070,297 | 5,681,199 | 38,743 |
| 3,471,000 | 3,339,000 | 132,000 | 3.80% | 1,065,399 | 5,600,050 | 30,471 |
| 3,439,000 | 3,311,000 | 128,000 | 3.72% | 1,068,800 | 5,549,129 | 33,032 |
| 3,361,000 | 3,244,000 | 117,000 | 3.48% | 1,072,934 | 5,437,290 | 35,739 |
| 3,239,633 | 3,078,608 | 161,025 | 4.97% | 1,073,524 | 6,060,939 | 29,629 |
| 3,175,000 | 3,017,000 | 158,000 | 4.98% | 1,075,289 | 5,853,085 | 34,762 |
| 3,106,000 | 2,939,000 | 167,000 | 5.38% | 1,123,425 | 5,845,623 | 35,045 |
| 3,031,000 | 2,826,000 | 205,000 | 6.76% | 1,127,874 | 5,383,012 | 29,071 |
| 2,759,197 | 2,607,925 | 151,272 | 5.48% | 1,191,342 | 5,094,814 | 6,730 |
| 2,054,838 | 1,984,402 | 70,436 | 3.43% | 1,217,024 | 3,218,292 | *(Data* |
| 1,680,442 | 1,605,478 | 74,964 | 4.46% | 1,105,412 | 1,907,988 | *not* |
| 1,512,924 | 1,463,352 | 49,572 | 3.28% | 893,745 | 1,171,228 | *available)* |

## Civilian Labor Force Trends With Unemployment Percentages 1984 to 1993




**Sources:**

*[4] Public School Enrollment - Final Average Daily Membership for the School Year September 1 to June 30* — *N.C. Department of Public Instruction*

*[5] Motor Vehicle Registrations - For the Fiscal Year Ending June 30* — *N.C. Division of Motor Vehicles*

*[6] Residential Housing Permits - Current Year for the Six Months Ended June 30, 1992; Prior Years for the Calendar Years Ended December 31 (data compiled for 45 cities and 73 counties in North Carolina)* — *N.C. Department of Labor*

## REQUIRED SUPPLEMENTARY INFORMATION
## THREE-YEAR CLAIMS DEVELOPMENT INFORMATION
## PUBLIC SCHOOL INSURANCE FUND

For the Fiscal Years Ended June 30, 1991 - 1993 *Table 11*

The table below illustrates how earned revenues (net of reinsurance) and investment income of the Public School Insurance Fund (Fund) compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund for the last three fiscal years ended June 30. The rows of the table are defined as follows:

(1) Total of each fiscal year's earned contribution revenues and investment revenues.

(2) Each fiscal year's other operating costs of the Fund, including overhead and claims expense not allocable to individual claims.

(3) The Fund's incurred claims (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.

(4) Cumulative amounts paid as of the end of successive years for each policy year.

(5) Increase or decrease in each policy year's incurred claims, as of the end of successive years. This annual reestimation results from new information received or known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(6) Comparison of the latest reestimated incurred claims amount to the amount originally established (line 3) and indication of whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimated and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns in the table present data for successive policy years. Amounts are expressed in thousands.

| | Fiscal Year | | |
|---|---|---|---|
| | 1991 | 1992 | 1993 |
| 1) Net earned required contribution and investment revenues | $6,513 | $6,386 | $6,805 |
| 2) Unallocated expenses | 1,124 | 1,489 | 1,109 |
| 3) Estimated incurred claims and expense, end of policy year | 4,879 | 1,230 | 3,128 |
| 4) Paid (cumulative) as of: | | | |
| End of policy year | 3,499 | 781 | 1,468 |
| One year later | 4,937 | 1,092 | |
| Two years later | 4,970 | | |
| 5) Reestimated incurred claims and expense: | | | |
| End of policy year | 4,879 | 1,230 | 3,128 |
| One year later | 4,997 | 1,219 | |
| Two years later | 5,000 | | |
| 6) Increase (decrease) in estimated claims and expense from end of policy year | 121 | (11) | 0 |

## REQUIRED SUPPLEMENTARY INFORMATION
## THREE-YEAR CLAIMS DEVELOPMENT INFORMATION
## STATE HEALTH PLAN

For the Fiscal Years Ended June 30, 1991 - 1993 *Table 12*

The table below illustrates how earned revenues and investment income of the State Health Plan (Plan) compare to related costs of loss and other expenses assumed by the Plan for the last three fiscal years ended June 30. The rows of the table are defined as follows:

(1) Total of each fiscal year's earned contribution revenues and investment revenues.

(2) Each fiscal year's other operating costs of the Plan, including overhead and claims expense not allocable to individual claims.

(3) The Plan's incurred claims (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.

(4) Cumulative amounts paid as of the end of successive years for each policy year.

(5) Increase or decrease in each policy year's incurred claims, as of the end of successive years. This annual reestimation results from new information received or known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(6) Comparison of the latest reestimated incurred claims amount to the amount originally established (line 3) and indication of whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimated and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table present data for successive policy years. Amounts are expressed in thousands.

| | Fiscal Year | | |
|---|---|---|---|
| | 1991 | 1992 | 1993 |
| 1) Earned required contribution and investment revenues | $462,429 | $566,963 | $601,662 |
| 2) Unallocated expenses | 12,030 | 12,041 | 15,070 |
| 3) Estimated incurred claims and expense, end of policy year | 525,781 | 495,946 | 508,030 |
| 4) Paid (cumulative) as of: | | | |
| End of policy year | 506,460 | 505,452 | 410,463 |
| One year later | [ * ] | 591,669 | |
| Two years later | [ * ] | | |
| 5) Reestimated incurred claims and expense: | | | |
| End of policy year | 525,781 | 495,946 | 508,030 |
| One year later | [ * ] | 502,837 | |
| Two years later | [ * ] | | |
| 6) Increase (decrease) in estimated claims and expense from end of policy year | 0 | 6,891 | 0 |

*[ * ] - Data not available*

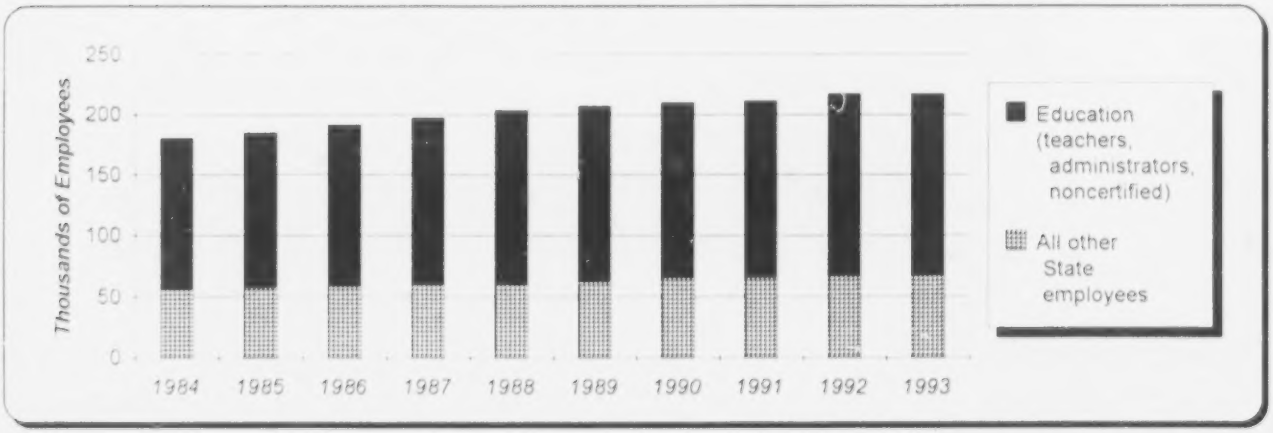
# TOTAL NUMBER OF STATE GOVERNMENT PERMANENT POSITIONS FUNDED IN THE STATE BUDGET BY AGENCY

For the Fiscal Years 1984-1993 — Table 13

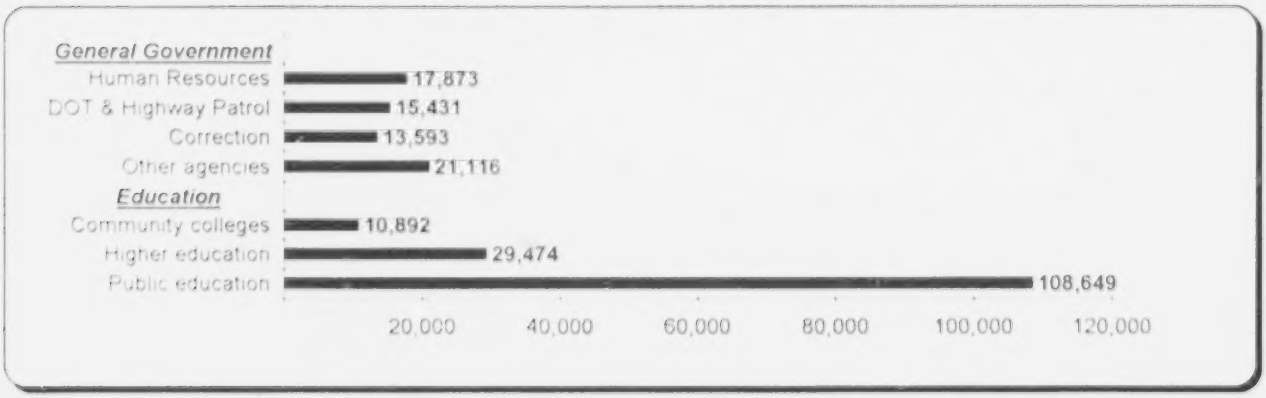
| State Agency | 1993 | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Fiscal Years Ended June 30* | | | | | | | | | |
| *Education:* | | | | | | | | | | |
| Public education [1] | **108,649** | 108,539 | 106,847 | 107,077 | 105,244 | 103,223 | 98,333 | 94,973 | 90,123 | 88,366 |
| Higher education | **29,474** | 31,621 | 28,702 | 28,225 | 30,479 | 30,986 | 29,435 | 28,560 | 27,565 | 26,968 |
| Community colleges | **10,892** | 10,660 | 10,076 | 10,006 | 9,626 | 9,251 | 9,945 | 9,934 | 8,866 | 8,912 |
| Total Education | **149,015** | 150,820 | 145,625 | 145,308 | 145,349 | 143,460 | 137,713 | 133,467 | 126,554 | 124,246 |
| *All Other:* | | | | | | | | | | |
| Human Resources | **17,873** | 17,159 | 17,008 | 17,155 | 16,823 | 18,028 | 17,951 | 17,765 | 17,768 | 17,665 |
| Correction | **13,593** | 13,336 | 13,176 | 12,425 | 11,209 | 10,044 | 8,777 | 8,191 | 7,861 | 7,750 |
| Transportation and Highway Patrol | **15,431** | 16,040 | 15,573 | 15,618 | 15,060 | 14,783 | 15,352 | 14,777 | 14,541 | 14,092 |
| Judicial | **4,915** | 4,628 | 4,471 | 4,550 | 4,271 | 4,093 | 4,004 | 3,852 | 3,670 | 3,522 |
| Justice | **1,041** | 993 | 1,002 | 959 | 978 | 962 | 930 | 889 | 825 | 822 |
| Other | **15,160** | 13,948 | 13,788 | 14,149 | 13,991 | 12,467 | 12,390 | 12,742 | 12,371 | 11,923 |
| Total Positions | **217,028** | 216,924 | 210,643 | 210,164 | 207,681 | 203,837 | 197,117 | 191,683 | 183,590 | 180,020 |

[1] This figure includes local educational agencies receiving funding by State appropriation for elementary and secondary school teachers.

## State Government Permanent Positions — Past 10 Years




## Distribution of State Employees by Agency — June 30, 1993



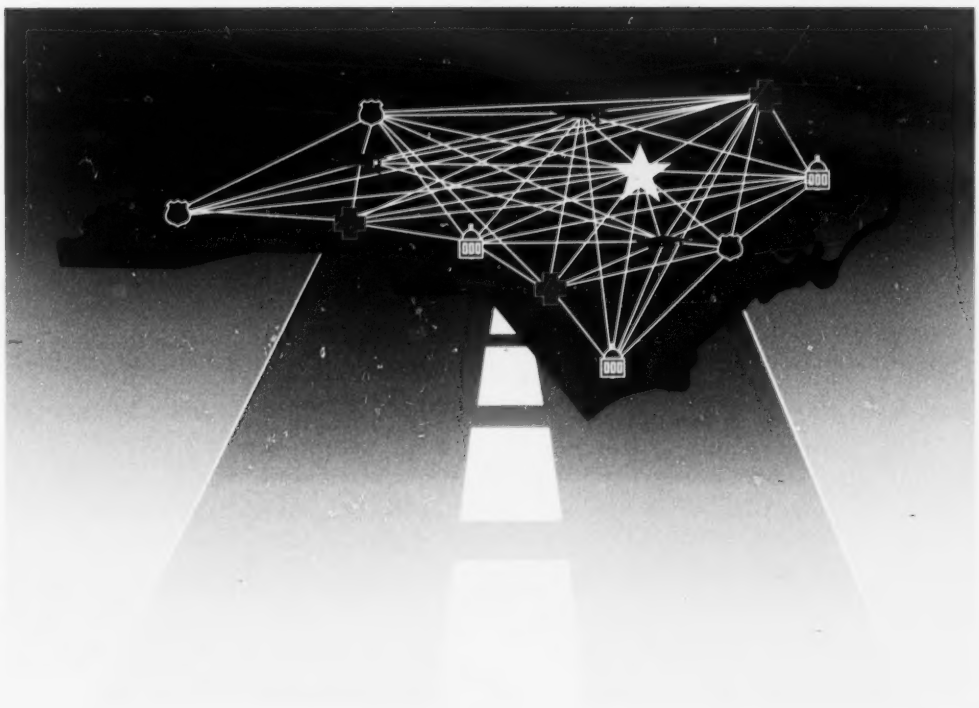

*Source: North Carolina Office of State Budget and Management*

# SCHEDULE OF MISCELLANEOUS STATISTICS

As of June 30, 1993 *Table 14*

| | |
|---|---|
| Adoption of State Constitution | 1776, 1868, 1971 |
| Form of government | Executive, Legislative, Judicial |
| Land area: | |
| Square miles | 50,000 |
| Acres | 31,999,760 |
| Miles of highway | 77,258 |
| State police protection: | |
| Number of stations | 61 |
| Number of state police | 1,310 |
| Higher Education: | |
| *Community colleges* | |
| Number of campuses | 58 |
| Number of students [average annual full time equivalent (FTE) ] | 144,744 |
| Number of curriculum instructors (budgeted) | 5,969 |
| *State universities* | |
| Number of campuses | 16 |
| Number of regular term students (FTE) | 128,667 |
| Number of regular term teaching positions (FTE) | 8,656 |
| Recreation: | |
| Number of State parks and other recreational areas | 64 |
| Area of State parks (acres) | 135,232 |
| Area of State forests (acres) | 256,221 |

| | |
|---|---|
| ***Sources:*** *Land area* | *Department of Environment, Health and Natural Resources* |
| *Miles of highways* | *Department of Transportation* |
| *State police protection* | *Department of Crime Control and Public Safety* |
| *Higher education — community colleges* | *Department of Community Colleges Office of State Budget and Management* |
| *Higher education — state universities* | *Office of State Budget and Management* |
| *Recreation* | *Department of Environment, Health and Natural Resources Department of Agriculture Department of Correction* |



NORTH CAROLINA INFORMATION HIGHWAY